Board Action and Executive Summary

Item # G Resolution# 2011-13

For Meeting of November 4, 2011

TITLE: Records and Email Retention Policy and Disposition Schedule

PURPOSE(S) OF ACTION: To establish policy for retaining and disposing of records and emails created by the employees of the North Central Regional Transit District.

Name of Drafter: Annette Velarde		**Department:** Public Information		**Phone:** 505-438-3257	
Department	**Signature**	**Phone**	**Department**	**Signature**	**Phone**
Anthony J. Mortillaro/ Annette Velarde		505-438-3257	Budget		505-438-3257
Legal			Executive Director		505-438-3257

BACKGROUND / KEY ISSUES / CONTRIBUTING FACTORS:

The records of The North Central Regional Transit District ("NCRTD") are important assets and include essentially all records the NCRTD produces, whether paper or electronic. The law requires the NCRTD to maintain certain types of records, usually for a specified period of time. Failure to retain those records for those minimum periods could subject the NCRTD to liability.

The purpose of the Records and Email Retention Policy and Disposition Schedule is to establish a schedule for the orderly management and retirement of records necessary for carrying out the Public Records Act.

The policy will act as a guide for employees to make decisions as to the types of documents which must be retained and when certain documents are to be destroyed. It also defines the use of email by employees and in the course of using email how emails can become public records which then are subject to retention and disposition.

The NCRTD has not previously had a written policy or guidelines in terms of retention and disposal of its records. This policy seeks to establish the official method and clarification for the handling of NCRTD records.

SUPPORT INFORMATION:

1. Records and Email Retention Policy and Disposition Schedule
2. Exhibit "A" (Incorporated into Policy)
3. Exhibit "B" (Incorporated into Policy)
4. Resolution 2011-13

OPTIONS / ALTERNATIVES:

1. Pass Policy and begin to enact.
2. Reject the resolution.
3. Table and bring back policy with changes as recommended by the Board.

North Central Regional Transit District

SUBJECT: Records and Email Retention Policy and Disposition Schedule	**NUMBER:** ADMIN –
EFFECTIVE DATE: November 4, 2011	
AMENDS/SUPERSEDES: **Policy** **Policy #** N/A **Policy ADMIN**	**APPROVED:** ANTHONY J. MORTILLARO EXECUTIVE DIRECTOR

1.0 **Objective**:

To establish a records retention schedule for the orderly management and retirement of records necessary for carrying out the Public Records Act.

The records of The North Central Regional Transit District ("NCRTD") are important assets. Records include essentially all records the NCRTD produces, whether paper or electronic. A record may be as obvious as a memorandum, an e-mail, a contract or a case study, or something not as obvious, such as a computerized desk calendar, an appointment book or an expense record.

The law requires the NCRTD to maintain certain types of records, usually for a specified period of time. Failure to retain those records for those minimum periods could subject the NCRTD to liability.

2.0 **Applicable Staff**

The NCRTD expects all employees to fully comply with any published records retention or destruction policies and schedules including the retention and disposition schedule module incorporated as part of this policy, provided that all employees should note the following general exception to any stated destruction schedule: If you believe, or the NCRTD informs you, that NCRTD records are relevant to litigation, or potential litigation

(i.e., a dispute that could result in litigation), then you must preserve those records until Legal Counsel determines the records are no longer needed. That exception supersedes any previously or subsequently established destruction schedule for those records. If you believe that exception may apply, or have any question regarding the possible applicability of that exception, please contact the Executive Director.

Failure to comply with this Document Retention Policy may result in an action against an employee, including suspension or termination. Questions about this policy should be referred to the Executive Director of the NCRTD, who is responsible for enforcing and directing the administration and updating of this policy.

3.0 **Reference to Future Compliance**

From time to time the NCRTD will establish, maintain or supplement retention or destruction policies or schedules for specific categories of records in order to ensure compliance, and also to accomplish other objectives, such as preserving intellectual property and cost management. Several categories of documents that bear special consideration are identified below; also incorporated is a retention and disposition schedule modeling the schedule provided by the NM Commission of Public Records, Department of Transportation Executive Records Retention and Disposition Schedules (ERRDS). While minimum retention periods are suggested, the retention of the documents identified below and of documents not included in the identified categories should be determined primarily by the application of the general guidelines affecting document retention within this document.

4.0 **Definitions**:

A. "Administrator" means the NCRTD records administrator

B. "Agency" means the NCRTD

C. "Archives" means the NCRTD archives.

D. "Disadvantaged business" means a for-profit small business that is at least 51 percent owned by one or more individuals who are both socially and economically disadvantaged or, in the case of a corporation, in which 51 percent of the stock is owned by one or more such individuals; and whose management and daily business operation are controlled by one or more of the socially and economically disadvantaged individuals who own it.

E. "Disposition" means final action that puts into effect the results of an appraisal decision for a series of records (i.e., transfer to archives or destruction).

F. "Electronic document management system" means a system that manages electronic documents contained in an information technology system, using computer equipment and software to manage, control, locate, and retrieve information in the electronic system.

G. "Let or Letting" means the process of preparing bid for release on NCRTD construction projects.

H. "Non-record" means extra copies of documents kept solely for convenience of reference, stocks of publications, records not usually included within the scope of the official records of the NCRTD, and library material intended only for reference or exhibition. The following specific types of materials are non-records: materials neither made nor received in pursuance of statutory requirements nor in connection with the functional responsibility of the officer of the NCRTD; extra copies of correspondence; preliminary drafts; blank forms, transmittal letters or forms that do not add information; sample letters; and reading file or informational files.

I. "Public record" means all books, papers, maps, photographs or other documentary materials, regardless of physical form or characteristics, made or received by the NCRTD in pursuance of law or in connection with the transaction of public business and preserved, or appropriate for preservation, by the agency or its legitimate successor as evidence of the organization, functions, policies, decisions, procedures, operations or other activities of the government, or because of the informational and historical value of data contained therein.

J. "Records custodian" means the statutory head of the agency using or maintaining the records or the custodian's designee.

K. "Records management" means the systematic control of all records from creation or receipt through processing, distribution, maintenance and retrieval, to their ultimate disposition.

L. "Records retention and disposition schedule" means rules adopted by the NCRTD Board of Directors describing records of an agency, establishing a timetable for their life cycle and providing authorization for their disposition.

M. "Retention" means the period of time during which records must be maintained by an organization because they are needed for operational, legal, fiscal, historical or other purposes.

ABBREVIATIONS AND ACRONYMS:

A. "ARC" stands for accident, records, citation.
B. "ADA" stands for Americans With Disabilities Act
C. "CRR" stands for certified return receipt
D. "DOT" stands for department of transportation.
E. "EMS" stands for emergency medical service
F. "FAA" stands for federal aviation administration.
G. "GPS" stands for global positioning system.

H. "HUD" stands for housing and urban development
I. "MPO" stands for metropolitan planning organization.
J. "MVD" stands for motor vehicle division
K. "NCIC" stands for national crime information center
L. "NMAC" stands for New Mexico administrative code.
M. "NMSA" stands for New Mexico statutes annotated.
N. "RPO" stands for rural planning organization.
O. "TRADAS" stands for traffic data analysis system.
P. "US" stands for United States.

5.0 **Instructions**

A. For records of a general administrative nature, financial nature, personnel nature and medical nature refer to "Appendix A" labeled "Records Retention and Disposition Schedule."

B. Retention periods shall be extended until six months after all current or pending litigation; current claims, audit exceptions or court orders involving a record have been resolved or concluded.

F. The descriptions of files are intended to be evocative, not complete. For example, there will always be some documents that are filed in a file that are not listed in the description, and similarly, not every file will contain an example of each document listed in the description.

G. Confidentiality is denoted for files likely to contain confidential materials, but files without a confidentiality note nonetheless may contain confidential or privileged materials, and failure to include an express confidentiality note in the description of a file does not waive the confidential or privileged nature of those materials. Some or all materials in a file may be confidential. Refer questions concerning the confidentiality of a file or portions of a file to legal counsel for the agency.

H. Access to confidential documents or confidential files shall be only by authorization of the NCRTD Executive Director or attorney general or by court order, unless otherwise provided by law. Release of confidential documents to law enforcement and other government agencies shall only be upon specific statutory authorization subpoena or court order. Nothing herein shall prohibit duly designated NCRTD personnel from performing their job functions including the review of personnel files and other confidential records where such review is necessary to perform a job duty.

I. Records, papers or documents may be photographed, microfilmed, micro-photographed or reproduced on film. Such photographs, microfilm, photographic film or microphotographs shall be deemed to be an original record for all purposes, including introduction in evidence in all courts or administrative agencies

J. Public records placed on magnetic tapes, disks or other data processing media shall be retained for the length of time specified in "Appendix A of the Records Retention and Disposition Schedules" and are subject to the same confidentiality and access restrictions as paper records.

K. Appendix A, North Central Regional Transit District ("NCRTD") Records Retention and Disposition Schedule, and Appendix B, North Central Regional Transit District ("NCRTD") Email and Email Retention and Disposition Policy are incorporated herein.

"Appendix A"

North Central Regional Transit District ("NCRTD")
Records Retention and Disposition Schedule

ELECTRONIC DOCUMENT MANAGEMENT SYSTEM:

A. Program: NCRTD records custodian

B. Maintenance System: [NCRTD preference]

C. Description: document management system that stores images and electronic records produced by the NCRTD. Data may include payroll and personnel data, contracts and agreement data, project files, environment reference files, etc .

D. Data retention:

(1) Metadata: until related records are destroyed.

(2) Federal reports: 10 years after close of calendar year in which report is created.

(3) Local government project files: permanent, transfer to archives 25 years after project completion.

(4) District maintenance project files: permanent, transfer to archives 25 years after project completion.

(5) Request for property abandoNNewent files: permanent, transfer to archives 25 years after date of request.

(6) Abandonment document forms: permanent, transfer to archives 25 years after abandonment filed.

(7) Encroachment files: 30 years after final disposition of encroachment, then transfer to archives for review and final disposition.

(8) Property sales files: permanent, transfer to archives 25 years after date of sale.

(9) Disclaimer files: five years after date property is disclaimed, transfer to archives for review and final disposition.

(10) Contract award recommendations files: six years after project completion date.

(11) Payroll records: 10 years after end of federal fiscal year in which created.

(12) Accident reports: seven years after end of federal fiscal year in which created.

E. Output: Because the electronic document management system is a data-based system, ad hoc and regularly scheduled reports may be generated upon request or demand. When produced, these reports are forwarded to the requesting entity.

FEDERAL PLANNING REPORTS:

A. Program: NCRTD records custodian

B. Maintenance System: [NCRTD preference]

C. Description: reports containing various federally mandated information. Some of these reports may include performance monitoring system report, monthly volume summary reports, monthly and quarterly audit reports,

D. Retention: 10 years after close of calendar year in which created

FEDERAL AND STATE APPORTIONMENTS REPORTS FILES:

A. Program: NCRTD records custodian

B. Maintenance System: [NCRTD preference]

C. Description: reports concerning obligated federal and state funds for various transit related projects (i.e., construction, planning programs, feasibility studies, consultants, etc.).

D. Retention: five years after end of federal fiscal year in which created

DAMAGE CLAIM FILES:

A. Program: NCRTD records custodian

B. Maintenance System: [NCRTD preference]

C. Description: damage claims submitted by the NCRTD to individuals or representatives of individuals that have negligently damaged NCRTD property. File may include police reports, estimate of damage, cost reports, final demand notices, receipt of payments, correspondence, etc.

D. Retention: three years after final disposition

INTERNET SITE VISIT MONITORING REPORTS:

A. Program: NCRTD records custodian

B. Maintenance System: [NCRTD preference]

C. Description: monthly report, if any showing NCRTD employee internet visits to both agency permitted and agency blocked internet addresses. Report may include NCRTD employee name, date, time, source, destination, internet protocol address, protocol, category, etc.

D. Retention: six months after report created

ACCIDENT FILES:

A. Program: NCRTD records custodian

B. Maintenance System: [NCRTD preference]

C. Description: records concerning accidents involving any NCRTD Bus and Driver File may include copies of accident reports, medical information, annual summary of accident information,

D. Retention: 10 years after date of accident, then transfer to archives for review and final disposition

E. Confidentiality: Portions of record may be confidential pursuant, but not limited to 5 USC, Section 552a and 42 U.S.C. § 405(c)(2)(C)(viii)(I). (i.e., social security number), Section 14-6-1 NMSA 1978 (i.e., health information) and Section 14-2-1

NMSA 1978 (i.e., "law enforcement records that reveal confidential sources, methods, information or individuals accused but not charged with a crime").

BID LETTING AND AWARD SYSTEM:

A. Program: NCRTD records custodian

B. Maintenance System: [NCRTD preference]

C. Description: database or other method of record retention that captures letting, bidding and award information for NCRTD projects. Data may include contractor bids for a specific project, advertising documentation, district office recommendations for award, authorization from a federal administration, bid reviews, preliminary award of contract, project estimates, cost list, items list to generate proposals for contractors, bid letting information, data used to analyze bids, etc.

D. Data retention: six years after project completion date

E. Confidentiality: Portions of this file may contain confidential information pursuant, but not limited to Section 13-1-122 NMSA 1978 (i.e., Competitive sealed qualifications-based proposals; award of architect, engineering, landscape architect and surveying contracts) and CFR 40 Subsection 53.15 (i.e., trade secrets and confidential or privileged information).

AUTHORIZATION FILES:

A. Program: NCRTD records custodian

B. Maintenance System: [NCRTD preference]

C. Description: records concerning authorization for project advertising and letting requirements that are going to be let in a given month. Files may include letting schedule, licensing requirements, project information work sheet, invitation for bid, addendum to projects, preliminary design plans, work sheet for working days, disadvantaged business goal, certifications from appropriate in-house offices, etc.

D. Retention: six years after project completion date

E. Confidentiality: Portions of this file may contain confidential information pursuant, but not limited to Section 13-1-122 NMSA 1978 (i.e., Competitive sealed qualifications-based proposals; award of architect, engineering, landscape architect and surveying contracts) and CFR 40 Subsection 53.15 (i.e., trade secrets and confidential or privileged information).

CONTRACT AWARD RECOMMENDATIONS FILES:

A. Program: NCRTD records custodian

B. Maintenance System: [NCRTD preference]

C. Description: records concerning recommendations and award information from the DOT bid review committee to award a contract to a particular bidder. Files may include advertising documentation, recommendations for award, authorization from federal highway administration, DOT contract goal for disadvantaged business in highway construction, bid review work sheets, bid tabulations, copy of preliminary award of contract letter, etc.

D. Retention: six years after project completion date

E. Confidentiality: Portions of this file may contain confidential information pursuant, but not limited to Section 13-1-122 NMSA 1978 (i.e., Competitive sealed

qualifications-based proposals; award of architect, engineering, landscape architect and surveying contracts) and CFR 40 Subsection 53.15 (i.e., trade secrets and confidential or privileged information).

SITE MANAGEMENT SYSTEM:

A. Program: NCRTD records custodian
B. Maintenance System: [NCRTD preference]
C. Description: system that tracks and maintains information for all aspects of construction management. Data may include construction contract data, daily diaries, change orders, contractor payments, finalization, disputes, claims, materials used, etc.
D. Retention: six years after project completion date

CALLED IN LOAD LOG:

A. Program: NCRTD records custodian
B. Maintenance System: [NCRTD preference]
C. Description: log used to record the overload permits issued by the department of public safety to travel on state bridges. Log may show date, load number, requester, time, firm name, load type, gross weight, height, width, length, axle number, weight, distance, origin, truck unit number, destination, number of axles, route numbers, remarks, rejected, notified, etc.
D. Retention: three years after close of calendar year in which created

REQUEST FOR PROPERTY ABANDONMENT FILES:

A. Program: NCRTD records custodian
B. Maintenance System: [NCRTD preference]
C. Description: records concerning NCRTD's recommendations and decisions regarding incoming requests from entities on properties owned and abandoned by NCRTD. File may include right of way maps showing parcels of land, copy of associated easement, survey of intended abandonment, legal land description, interdepartmental comments and recommendations for or against abandonment, declaration of vacation and abandonment, etc.
D. Retention: permanent, transfer to archives 25 years after date of request

ABANDONMENT DOCUMENT FORMS:

A. Program: NCRTD records custodian
B. Maintenance System: [NCRTD preference]
C. Description: form that documents property abandonment
D. Retention: permanent, transfer to archives 25 years after abandonment filed

ENCROACHMENT FILES:

A. Program: NCRTD records custodian
B. Maintenance System: [NCRTD preference]

C. Description: records concerning encroachments onto NCRTD property. Files may include surveys, copies of deeds, contracts, notice of encroachment on highway right of way, license for encroachment, correspondence, etc.

D. Retention:

(1) Structural encroachment files: 25 years after final disposition of encroachment, then transfer to archives for review and final disposition

(2) All others: transfer to archives 25 years after disposition of encroachment for review and final disposition

PROPERTY SALES FILES:

A. Program: NCRTD records custodian

B. Maintenance System: [NCRTD preference]

C. Description: records concerning the sale of NCRTD property. Files may include right of way maps, quitclaim deeds, correspondence, etc.

D. Retention: permanent, transfer to archives 25 years after date of sale

DISCLAIMER FILES:

A. Program: NCRTD records custodian

B. Maintenance System: [NCRTD preference]

C. Description: records concerning the NCRTD disclaimer of interest or ownership of specific property. Files may include right of way maps, disclaimer, correspondence, etc.

D. Retention: five years after date property is disclaimed, transfer to archives for review and final disposition

AIRSPACE FILES:

A. Program: NCRTD records custodian

B. Maintenance System: [NCRTD preference]

C. Description: records concerning the leasing of the NCRTD right of way airspace. File may include lease agreements, right of way maps, correspondence, etc.

D. Retention: six years after termination of lease agreement

BILLBOARD OWNER PERMIT FILES:

A. Program: NCRTD records custodian

B. Maintenance System: [NCRTD preference]

C. Description: records concerning the approved issuance of permits to erect or maintain outdoor advertising along the city, county, interstate and other federally funded primary highways. File may include application for permit, inspection documentation of proposed advertising location, check copies, billing information, plats, local government permit copy, renewal notice copy, copy of permit plates issued, correspondence, etc.

D. Retention:

(1) Approved permit: permanent, transfer to archives 25 years after termination of permit

(2) Rejected application: five years after date of rejection

CULTURAL RESOURCE REPORT FILES:

A. Program: NCRTD records custodian

B. Maintenance System: [NCRTD preference]

C. Description: records concerning investigation and assessments conducted to determine any historic or archeological site issues affecting proposed or existing NCRTD properties or rights of way. Files may include site investigation report, surveys, clearance letter, denial letter, correspondence, etc.

D. Retention: permanent, transfer to archives 25 years after date of letter of clearance or denial

E. Confidentiality: Portions of record may be confidential pursuant, but not limited to Section 18-6-11.1 NMSA 1978, Confidentiality of site location.

ENVIRONMENTAL REFERENCE FILES:

A. Program: NCRTD records custodian

B. Maintenance System: [NCRTD preference]

C. Description: environmental assessments conducted on NCRTD properties and potential property acquisitions. Files may include site investigation reports (i.e., detailed site investigation, field notes, drill logs, laboratory results, disposal manifest, etc.), hazardous materials assessments, photos, clean up report, correspondence, etc.

D. Retention: permanent, transfer to archives 25 years after file assessment conducted

UNDERGROUND STORAGE TANK FACILITY FILES:

A. Program: NCRTD records custodian

B. Maintenance System: [NCRTD preference]

C. Description: records concerning the maintenance, inspection and removal of underground storage tanks located on the grounds of any NCRTD property. Files may include contracts for removal, work plans and approvals, photos, authorizations to work, correspondence, etc.

D. Retention: permanent, transfer to archives 25 years after date storage tank removed

LABORATORY INFORMATION MANAGEMENT SYSTEM:

A. Program: NCRTD records custodian

B. Maintenance System: [NCRTD preference]

C. Description: database or any records retention method that maintains information regarding the testing of materials used for maintenance and construction projects. Data may include test sample name, lab number, project number, hours worked, materials used, maintenance activity, date reported, district number, test, date sampled, nature of source, location of source, date received, test results, identifiable marks, manufactured by, district number, refinery source, weekly asphalt report number, tested by, approved by, etc.

D. Data retention: permanent

PRODUCT EVALUATION DATABASE:

A. Program: NCRTD records custodian

B. Maintenance System: [NCRTD preference]

C. Description: database or any records retention method that maintains information on products available for construction projects. Data may include product name, evaluation of product, approved date and status, product specifications, representative name and demographic information, comments, etc.

D. Data retention: until product is no longer approved or use is discontinued

PRODUCT FILES:

A. Program: NCRTD records custodian

B. Maintenance System: [NCRTD preference]

C. Description: records concerning approved products available for construction projects. Files may include application for product evaluation, data sheet on use of product, product specifications, material safety sheets, correspondence, etc.

D. Retention:

(1) Approved products: 20 years after product evaluation approved

(2) Rejected products: three years from date of rejection

EQUIPMENT MANAGEMENT SYSTEM:

A. Program: NCRTD records custodian

B. Maintenance System: [NCRTD preference]

C. Description: database or any records retention method that maintains information on all heavy equipment and fleet vehicles. Data may include district information, class unit, item number, contract number, vendor, base price, options to be ordered, total cost, date paid, budget balance, warranties, serial number, dealer name, body style, fuel type, shipping weight, vehicle description, activity code, mileage (beginning and end), daily miles, project code, account code, part number, labor, parts (i.e., task code, part number, vendor, quantity, unit price and part description, etc.), fixed assets number, inventory value, mile or hour readings, servicing information, inspections, book value, resale value, etc.

D. Data retention: two years after date of disposition of heavy equipment or vehicle

E. Input: All records used as input for the equipment management system are filed in fixed asset (equipment) acquisition history files,

EQUIPMENT MAINTENANCE FILES:

A. Program: NCRTD records custodian

B. Maintenance System: [NCRTD preference]

C. Description: complete service and maintenance history on heavy equipment and vehicles. Files may include equipment inspection report, equipment registration, equipment transfer form, change report, preventative maintenance report,

inspection condemnation report, certificate of property loss, equipment usage report, copy of authorization to purchase surplus equipment, copy of verification of public entity funds for purchase of surplus equipment, etc.

D. Retention: two years after date of disposition of heavy equipment or vehicle

PUBLIC ENTITY BUDGET AUTHORIZATION FILES:

A. Program: NCRTD records custodian

B. Maintenance System: [NCRTD preference]

C. Description: records relating to purchase of NCRTD equipment by public entities. Files may include authorization to purchase surplus equipment, verification of public entity funds for purchase of surplus equipment form, copy of memo of charge, request for waiver, hardship analysis report from department of finance and administration, correspondence, etc.

D. Retention: three years after close of fiscal year in which authorization received

AUCTION DATABASE:

A. Program: NCRTD records custodian

B. Maintenance System: [NCRTD preference]

C. Description: database maintains or records maintenance system containing information pertaining to the auction of NCRTD equipment. Data may include inventory lot number, description, fixed asset number, serial number, meter reading, location, inspection and condemnation number, transfer number, bid number, bid amount, bidder name, bidder address, etc.

D. Data retention: five fiscal years after date in which sale occurred

AUCTIONEER REPORT FILES:

A. Program: NCRTD records custodian

B. Maintenance System: [NCRTD preference]

C. Description: report listing all equipment sold at auction. File may include equipment acquisition packet (i.e., dealer name, registration, equipment inspection report, etc.) and disposal packet (i.e., inventory lot, description, fixed asset number, serial number, meter reading, location, inspection and condemnation number, transfer number, bid number, bid amount, sold with, bidder name, bidder address, transfer title request, etc.), copy of memo of charge, etc.

D. Retention: five fiscal years after date of sale

FACILITY INSPECTION FILES:

A. Program: NCRTD records custodian

B. Maintenance System: [NCRTD preference]

C. Description: routine inspections of the department facilities. Files may include inspection reports, cover letter to supervisor of facility, listing of areas inspected,

discrepancies noted, response from supervisor on corrective action, correspondence, etc.

D. Retention: five years after date of inspection

SAFETY RESEARCH FILES (STUDIES):

A. Program: NCRTD records custodian

B. Maintenance System: [NCRTD preference]

C. Description: records concerning research conducted on safety issues (i.e., workplace violence, safety vests, safety processes, etc.). File may include study, employee safety analysis, notes, etc.

D. Retention: 10 years after research is completed

ACCIDENT RECORDS CITATION SYSTEM:

A. Program: NCRTD records custodian

B. Maintenance System: [NCRTD preference]

C. Description: database or other records maintenance system that maintains accident report information for statistical purposes. Data may include personal identifiers of individuals involved in an accident (i.e., name, social security number, address, license number, age, etc.), location of accident, accident detailed information, etc.

D. Data retention: seven years after end of federal fiscal year in which created

E. Confidentiality: Portions of record may be confidential pursuant, but not limited to 5 USC, Section 552a (i.e., social security number), Section 66-7-508 NMSA 1978 Confidentiality of records, Section 29-10-4 NMSA 1978 (i.e., arrest records) and Section 14-2-1 NMSA 1978 (i.e., "law enforcement records that reveal confidential sources, methods, information or individuals accused but not charged with a crime").

F. Input: All records used as input for the accident records citation system are destroyed once input to system is verified and complete.

RESOLUTION FILES

A. Program: NCRTD records custodian

B. Maintenance System: [NCRTD preference]

C. Description: formal statements expressing the opinion, will, or intent of the NCRTD governing body.

D. Retention: permanent

CAPITAL PROJECT FILES

A. Program: NCRTD records custodian

B. Maintenance System: [NCRTD preference]

C. Description: records concerning the use of capital funds. Records document the progress and completion of capital projects (e.g., construction, redesigning, renovation, remodeling of NCRTD structures, streets, utility lines, etc.). Files may contain bid or quote documentation, contracts, payroll documentation, expenditure

reports, blueprints, architectural drawings, soil tests or analyses, engineering specification, payment documentation, etc.

D. Retention:

(1) Fiscal or contractual documents (e.g., bids, quotes, agreements, contracts, etc.): 10 years after completion of project

(2) Technical documents (e.g. blueprints, architectural drawings, soil tests or analyses, engineering specifications, etc.):
permanent

(3) All other documents: two years after close of fiscal year in which project completed

NCRTD BONDS, NOTES, INTEREST COUPONS, AND CERTIFICATES OF INDEBTEDNESS

A. Program: NCRTD records custodian

B. Maintenance System: [NCRTD preference]

C. Description: record of debt in form of a bond, note, certificate of indebtedness, or interest coupon incurred by the NCRTD.

D. Retention:

(1) When paying agent is a bank, savings and loan association, or otherthird party: until paid and certificate of destruction has been

(2) When paying agent is the debtor agency (i.e., NCRTD): two years following payment and certificate of destruction has been prepared

INDUSTRIAL REVENUE BOND FILES

A. Program: NCRTD records custodian

B. Maintenance System: [NCRTD preference]

C. Description: records concerning the issuance of NCRTD revenue bonds to acquire, own, lease, or sell projects for the purpose of promoting industry and trade other than retail trade. Files may include agreement for the abatement of taxes, project descriptions, industry or trade information, correspondence, memoranda, etc.

D. Retention: six years after termination of agreements

NCRTD BOND CERTIFICATE OF DESTRUCTION

A. Program: NCRTD records custodian

B. Maintenance System: [NCRTD preference]

C. Description: shows the number and maturity of the bond, note, certificate, coupon, the date paid, etc.

D. Retention: six years after date created

NCRTD BOND REGISTER

A. Program: NCRTD records custodian

B. Maintenance System: [NCRTD preference]

C. Description: record of bonds or notes issued and paid. Register shows the bond or note issue numbers, amount of issue date bond or note canceled, coupon numbers, payment information, etc.

D. Retention: 10 years after date of maturity

PETITION FILES

A. Program: NCRTD records custodian

B. Maintenance System: [NCRTD preference]

C. Description: records concerning requests on a variety of issues (e.g., special election, ordinance change, traffic light installation, speed bump installation, etc.).

D. Retention:

(1) All other petitions: one year after close of fiscal year in which received

ADA COMPLIANCE FILES

A. Program: NCRTD records custodian

B. Maintenance System: [NCRTD preference]

C. Description: records concerning the Americans With Disabilities Act. File may contain ADA plan, policies, grievance procedures, grievances, resolutions, etc.

D. Retention:

(1) Plans, policies, and procedures: until superseded or one year after affected grievances have been resolved

(2) Grievances and resolutions: one year after date closed

[Note: Policies and plans adopted by ordinance or resolution.]

COLLECTIVE BARGAINING FILES

A. Program: NCRTD records custodian

B. Maintenance System: [NCRTD preference]

C. Description: records concerning transactions with labor organizations representing employees in collective bargaining. Files may contain copy of certification of labor organization as the exclusive representative of employees, mediation documentation and recommendations, agreements, grievances and resolutions,decertification, correspondence, memoranda, etc.

D. Retention:

(1) Agreements: six years after termination of agreement

(2) Grievances and resolutions: three years after date of resolution

(3) All other documentation: until no longer needed for reference

CLAIM OF LIEN FILES

A. Program: NCRTD records custodian

B. Maintenance System: [NCRTD preference]

C. Description: records concerning liens placed against private property for services rendered by the NCRTD. Files may contain claim of lien, assessment table, copy of notice of public hearing, copy of notice of violation, court order, copy of work order, copy of billing, release of lien, correspondence, memoranda, etc.

D. Retention: six years after close of fiscal year in which lien released

VEHICLE FILES

A. Program: NCRTD records custodian

B. Maintenance System: [NCRTD preference]

C. Description: records concerning the history of NCRTD-owned or leased vehicles. Files may include purchase or lease information, warranty documentation, maintenance documentation, maintenance expenditure information, disposal information, etc.

D. Retention: three years after disposition of vehicle

VEHICLE MAINTENANCE FILES

A. Program: motor pool records

B. Maintenance System: [NCRTD preference]

C. Description: records concerning the maintenance performed on NCRTD-owned vehicles. Files may include work orders, repair orders, work schedules, maintenance orders, maintenance schedules, work reports, etc.

D. Retention: three years after close of fiscal year in which created

BUS ROUTE PLANNING FILE

A. Program: transportation and transit records

B. Maintenance System: [NCRTD preference]

C. Description: records used to establish and modify the NCRTD transit route system. File may include studies, maps, population surveys, schedule plans, route schedules, etc.

D. Retention:

(1) Route schedules and maps: until superseded

(2) All other records: three years after close of calendar year in which created

CHARTER BUS FILES

A. Program: NCRTD records custodian

B. Maintenance System: [NCRTD preference]

C. Description: records concerning charter rentals of transit system buses to private groups. Files may include rental information, fiscal documentation, related correspondence, etc.

D. Retention: three years after close of fiscal year in which created

DAILY BUS PASSENGER REPORT

A. Program: transportation and transit records

B. Maintenance System: [NCRTD preference]

C. Description: records concerning all NCRTD buses, including airport shuttle buses per route in the NCRTD transit system. Used to summarize operational statistics for management review purposes. Report may show name of operator, number of regular fares, senior citizen fares, handicapped persons fares, etc.

D. Retention: three years after close of fiscal year in which created

BUS DRIVERS DAILY CHECKLIST

A. Program: NCRTD records custodian

B. Maintenance System: [NCRTD preference]

C. Description: record concerning the condition and appearance of NCRTD buses including airport shuttle buses used to identify maintenance problems on vehicles.

D. Retention: three years after close of fiscal year in which created

TRANSIT OPERATION SUMMARY REPORTS

A. Program: NCRTD records custodian

B. Maintenance System: [NCRTD preference]

C. Description: reports documenting daily fares received. Reports may include monthly reports documenting ridership, revenue, route information, fuel usage, and other operational details.

D. Retention: three years after close of fiscal year in which created

TAX RECORDS

A. Program: NCRTD records custodian

B. Maintenance System: [NCRTD preference]

C. Description: Include but may not be limited to, documents concerning payroll expenses, accounting procedures and other documents concerning the NCRTD's revenues.

D. Retention: six years from the date of filing a return if applicable.

EMPLOYMENT RECORDS/PERSONNEL RECORDS

A. Program: NCRTD records custodian

B. Maintenance System: [NCRTD preference]

C. Description State and federal statutes require the NCRTD to keep certain recruitment, employment and personnel information. The NCRTD should also keep personnel files that reflect performance reviews and any complaints brought against the NCRTD or individual employees under applicable state and federal statutes. The NCRTD should also keep all final memoranda and correspondence reflecting performance reviews and actions taken by or against personnel in the employee's personnel file.

D. Retention: six years

BOARD AND COMMITTEE MATERIALS

A. Program: NCRTD records custodian
B. Maintenance System: [NCRTD preference]
C. Description: Clean Copies of Meeting minutes Board and all Board Committee materials.
D. Retention:
(1) Minutes in perpetuity in the NCRTD's minute book.
(2) Other Board materials no less than three years.

PRESS RELEASE/PUBLIC FILINGS

A. Program: NCRTD records custodian
B. Maintenance System: [NCRTD preference]
C. Description: Permanent copies of all press releases and publicly filed documents should be retained under the theory that the NCRTD should have its own copy to test the accuracy of any document a member of the public can theoretically produce against the NCRTD.
D. Retention: All in perpetuity

LEGAL FILES

A. Program: NCRTD records custodian
B. Maintenance System: [NCRTD preference]
C. Description: Legal counsel should be consulted to determine the retention period of particular documents.
D. Retention: should generally be maintained for a period of ten years.

MARKETING AND SALES DOCUMENTS

A. Program: NCRTD records custodian
B. Maintenance System: [NCRTD preference]
C. Description: Copies of marketing and sales documents, invoices, contracts, leases, licenses and other legal documents
D. Retention:
(1) Marketing and Sales Documents should be maintained for at least six years
(2) Sales invoices, contracts, leases, licenses and other legal documentation. These documents should be kept for a least three years beyond the life of the agreement.

CONTRACTS

A. Program: NCRTD records custodian
B. Maintenance System: [NCRTD preference]
C. Description: Final, execution copies of all contracts entered into by the NCRTD should be retained.
D. Retention: three years beyond the life of an agreement, and longer in the case of publicly filed contracts.

EMAIL

A. Program: NCRTD records custodian

B. Maintenance System: [NCRTD preference]

C. Description: Email and Email Retention and Disposition is hereby incorporated as Appendix B, Email and Email Retention and Disposition Policy.

D. Retention: printed in hard copy and kept in the appropriate file; or downloaded to a computer file and kept electronically or on disk as a separate file. The retention period depends upon the subject matter of the e-mail, as covered elsewhere in this policy.

"Appendix B"

North Central Regional Transit District ("NCRTD")
Email and Email Retention and Disposition Policy

Objective

The purpose of this policy is to provide guidance to NCRTD employees in managing information sent or received through E-mail transmissions and to ensure the proper use of the NCRTD E-mail system.

Applicable Staff

All NCRTD employees

Definitions

"E-mail" means a message transmitted electronically over a communications network. A system that enables users to compose, transmit, receive and manage electronic messages and images across networks and through gateways connecting to other local area networks.

"Electronic record" means a computer-generated item such as an E-mail message, a document file, an image file, etc.

"Non-record" means extra copies of documents kept solely for convenience of reference, stocks of publications, records not usually included within the scope of official records of an agency or government entity, personal correspondences that do not pertain to NCRTD business and library material intended only for reference or exhibition. The following specific types of materials are non-records: materials neither made nor received in pursuance of statutory requirements or in connection with the functional responsibility of the officer or agency; extra copies of correspondence; preliminary drafts; blank forms, transmittal letters or forms that do not add information; sample letters and reading or informational files.

"Public records" means all books, papers, maps, photographs or other documentary materials, regardless of physical form or characteristics, made or received by any agency in pursuance of law or in connection with the transaction of public business.

Policy Statement

It is the policy of the NCRTD to provide employees E-mail resources and services to assist them in the performance of their work. All E-mail resources and services are to be managed in a lawful and effective manner. To assure this, the NCRTD has the right to monitor all aspects of the e-mail system to ensure compliance with this policy and applicable law. Employees should not have the expectation of privacy in anything they create, send or receive on the NCRTD e-mail system. Employees shall conduct themselves in a manner consistent with appropriate behavior standards as established in existing NCRTD policies. All NCRTD policies relating to intellectual property protection, privacy, misuse of NCRTD equipment, sexual harassment, sexually hostile work environment, data security and confidentiality shall apply to the use of E-mail.

Public Records

All E-mail transmissions made or received by the NCRTD in pursuance of law or in connection with the transaction of business are public records. Employees shall determine if E-mail transmissions, both "sent" and "received," are public records; separate "public records" from "non-records"; and store only that information that is a public record. Records shall be stored and retained based on the retention period for the particular records series established in records retention and disposition schedules and agency procedures.

Electronic documents, including E-mail, are subject to the provisions of the Public Records Act and the Inspection of Public Records Act.

Destruction of a public record before its retention period has been met is illegal and is a fourth degree felony pursuant to Section 30-26-1 NMSA 1978, Tampering with Public Records.

Passwords

All passwords upon request must be made known to the Executive Director and Financial Manager. The use of passwords to gain access to the E-mail system or to secure specific files does not provide employees with an expectation of privacy in the respective system or document.

Encryption

Employees may not encrypt any E-mails without obtaining written permission from their supervisor. If approved, the encryption key(s) must be made known to the agency's Executive Director.

Privacy and Access

E-mail messages sent or received in conjunction with NCRTD business may be releasable to the public under the Inspection of Public Records Act with several exceptions such as medical records, letters of reference, matters of opinion, attorney-client information, trade secrets, tactical response information and law enforcement investigative files. Employees are prohibited from disclosing, copying, distributing or forwarding E-mail messages exempted from public disclosure under state and federal laws.

Personal Use

Personal E-mail shall not impede the conduct of NCRTD business. Employees shall not subscribe to mailing lists or mail services that fall outside of the employees scope of work. Use of social media during working hours for non-work related purposes shall not impede the conduct of NCRTD business.

Questionable Email

The NCRTD will provide employees with periodic Anti-Virus updates for personal computers. It is the employee's responsibility to update his or her assigned computer when notified. Employees shall not willfully and knowingly open E-mail messages that look questionable nor shall they open attachments unless the user is certain that the attachment is from a known sender, is expected and is pertinent to the employee's job. Questionable E-mails and attachments are to be deleted immediately and then "double deleted" by emptying the Trash bin.

Unacceptable Use of Email

Employees shall not use E-mail resources and services for commercial purposes, including but not limited to, on-line trading and e-bay operations.

Employees shall not send or forward emails containing libelous, defamatory, offensive, racist or obscene remarks. If an employee receives an email of this nature, they must promptly notify their supervisor.

Employees shall not use E-mail to conduct prohibited political activities or business activities related to the holding of public office.

Employees shall not establish user profiles or forward, import or create e-mail accounts other than the profile and account established on their behalf by the NCRTD. Serious disciplinary action up to and including termination of employment may result from evidence of prohibited activity obtained through monitoring or inspection of electronic messages, files, or electronic storage devices. Illegal activity involving NCRTD IT resource usage may be referred to appropriate authorities for prosecution.

North Central Regional Transit District (NCRTD)

Resolution 2011- 13

A RESOLUTION TO ADOPT A RECORDS AND E-MAIL RETENTION POLICY AND DISPOSITION SCHEDULE FOR THE NORTH CENTRAL REGIONAL TRANSIT DISTRICT (NCRTD)

WHEREAS, the Governing body in and for the North Central Regional Transit District ("NCRTD") has reviewed a Records and Email Retention and Disposition Policy and Schedule for the NCRTD attached hereto; and

WHEREAS said policy was developed to define the roles and responsibilities of the NCRTD, the Executive Director and employees for retaining and disposing of documents created by the Board, Executive Director and employees of the NCRTD and which are subject to the New Mexico Inspection of Public Records Act (NMSA 1978, Sections 14-2-1through 14-2-12); and

WHEREAS said policy is intended to enhance and comply with the New Mexico Inspection of Public Records Act and the New Mexico Open Meetings Act and to establish guidelines for the retention and disposition of records created by the NCRTD in doing the public's work.

NOW, THEREFORE, BE IT RESOLVED that the North Central Regional Transit District Board of Directors hereby adopts the Records and Email Retention and Disposition Policy and Schedule dated November 4, 2011.

PASSED, APPROVED, AND ADOPTED BY THE GOVERNING BODY OF THE NORTH CENTRAL REGIONAL TRANSIT DISTRICT ON THIS 4th DAY OF NOVEMBER, 2011.

_____

Rosemary Romero, Chair

Approved as to form:

_____

Peter Dwyer, Counsel

Board Action and Executive Summary

Item # H Resolution #

For Meeting of November 4, 2011

TITLE: Approval of the NCRTD Travel Policy

PURPOSE(S) OF ACTION: To approve a travel and business expense policy for the NCRTD.

Name of Drafter: Anthony Mortillaro, Executive Director		**Department: Executive**			
Department	**Signature**	**Phone**	**Department**	**Signature**	**Phone**
Staff Sponsor			Budget		
Legal			Executive Director		

BACKGROUND / KEY ISSUES / CONTRIBUTING FACTORS:

Summary: The attached policy was reviewed by the Finance Subcommittee at its October 28, 2011 meeting. Due to a minimum number of Board Members participating in the Finance Subcommittee meeting, the Committee agreed to send this to the Executive Board indicating that it had no objections to the policy.

Background: The District currently does not have a Travel and Business Expense policy. The staff has been relying upon the state Department of Finance Administration travel per diem rates and federal GSA Rates. The auditors have expressed concern about a lack of policy and consistency in practice and the use of a variety of rate sources for the reimbursement of travel rates. The draft policy provides for guidelines for authorized travel and reasonable reimbursement for incurred expenses.

The policy does not create any fiscal impacts. However, it does provide guidance on the prudent expenditure of budgeted travel, training and business expenses.

Recommendation: Staff recommends approval by the Board

SUPPORT INFORMATION:

1. The Travel and Business Expense Policy (attached)

OPTIONS / ALTERNATIVES:

1. Adopt the policy as presented
2. Amend the policy presented if the Board deems changes are necessary
3. Reject the policy

NORTH CENTRAL REGIONAL TRANSIT DISTRICT

SUBJECT: TRAVEL AND BUSINESS EXPENSES	**NUMBER**: FINANCE - 01
EFFECTIVE DATE: November 4, 2011	
AMENDS/SUPERSEDES: NA	**APPROVED**: ANTHONY J. MORTILLARO, EXECUTIVE DIRECTOR

1.0 Objective:

District Employees are required, from time to time, to attend conferences, meetings, and training sessions which relate directly to the concerns of the District or provide job-related educational opportunities. It is the District's intention to allow such attendance without unreasonable financial sacrifice. The purpose of the following policies and procedures is to establish guidelines for District authorized travel and provide reimbursement procedures for reasonable and appropriate expenses. These procedures are not intended to cover every possible circumstance. Anything not specifically covered must be authorized by the Executive Director. Employees are expected to use sound judgment and fiscal responsibility in assessing the need for business, travel, and training expenses.

2.0 Coverage:

This policy applies to employees and appointed elected public officials of the North Central Regional Transit District.

3.0 Purpose:

The purpose of this policy is to identify and provide guidelines regarding the District's travel policies and to further delineate those valid business expenses for which public officials and employees of the District may qualify for payment or reimbursement.

4.0 Authorization for Travel and Training:

An employee may incur expenses for pre-approved training programs, conferences, and professional meetings attended for the benefit of the District. When travel/ training is anticipated a Travel and Training Request form must be completed and approved prior to incurring travel expenses. A copy of the conference brochure or similar documentation of program content and agenda must be attached to all Travel and Training Request forms. For in-state travel and training, the form requires the approval of the appropriate Department Manager and Executive Director. For out-of-state travel and training the form must also be reviewed by the Finance Manager and be approved by the Executive Director. The Chair of the Board of Directors is the approving authority for travel requests by the Executive Director. In the event the travel is for the Chair of the Board of Directors or other Board Members then the Board of Directors will approve such travel requests.

Approval should be requested far enough in advance so that payment can be made directly to the sponsoring organization as part of the District's regular payment cycle. Every effort should be made to receive the early registration discount, if available.

5.0 Mode of Transportation:

No specific mode of transportation is mandatory. However, employees are expected to use the most economical means available with reasonable consideration given to the time and distance involved.

a) Air Travel

Every effort should be made to obtain the lowest possible round-trip coach fare. Any upgrades or enhancements are personal expenditures and will not be paid by the District.

Travelers should also review the following topics, as applicable to their situation:

- Companion / Spouse / Family Travel Expenses
- Combining Personal and Business Travel
- Travel Extended to Save Costs

b) Official District Vehicle

Employees are encouraged to use a District vehicle in lieu of a personal vehicle whenever a District vehicle is available. When a District vehicle is used, the employee will be reimbursed for all gas receipts, if the gas is not charged directly to the District, as well as any toll charges and necessary parking fees. Retain receipts where available.

Commuting to and from work in a District vehicle is generally prohibited unless

specifically authorized by the Executive Director, with notice given to Human Resources and Finance to ensure the proper recording of this taxable benefit in accordance with IRS regulations.

c) Personal Vehicle

Employees may use their personal vehicle for business travel if the use of a District vehicle is not feasible. Employees using a personal vehicle for business purposes will be reimbursed based on miles traveled. Reimbursement will be at the allowable rate established by the IRS.This rate is regularly re-evaluated (usually each calendar year) and all departments are notified of the new rate by the Finance Department.

To receive reimbursement, employees must submit documentation of total miles traveled, including origination, destination, business purpose, and number of miles per trip. The District will reimburse the driver for mileage by the most direct route.

When personal vehicles are used on District business the employee must have adequate liability insurance coverage. The minimum prescribed liability insurance is as follows:

- $100,000 for personal injury to, or death of, one person;
- $300,000 for injury to, or death of, two or more persons in one accident; and
- $100,000 of property damage.

An employee who uses a personal vehicle on District business is required to have, and provide upon request, satisfactory evidence of liability insurance coverage. Upon request, proof of such coverage must be provided to the Finance Department.

Should an accident occur, to ensure full communication and disclosure between all parties, the driver should immediately contact:

- Local authorities, as required
- His / Her personal insurance company
- His / Her supervisor
- The Finance Department

If an employee receives a car allowance as part of their employment the employee is not eligible for a mileage reimbursement for the business use of their personal vehicle within the District boundaries, except as maybe provided within the agreement governing the car allowance.

d) Rental Vehicle

When more advantageous to the District, as compared to other means of transportation such as a taxi, a vehicle may be rented. The traveler is responsible for obtaining the best available rate, in accordance with the District's purchasing policy, commensurate with the requirements of the trip. When renting a vehicle for business purposes the employee should make sure to specify the District's name on the rental

agreement. Personal use of the rental vehicle is prohibited.

Should an accident occur the driver should immediately contact:

- Local authorities, as required
- The rental company, in accordance with the rental agreement
- His / Her supervisor
- The Finance Department

e) Miscellaneous Automobile Related Expenses

Toll road charges and reasonable charges for parking, while an employee is traveling or away from their assigned District facility on business, will be allowed. The location of the parking lot, garage, or meter as well as the business purpose of the trip needs to be documented. Obtain receipts where available.

f) Other forms of transportation

Taxi fares are allowable expenses for travel to and from a business destination such as an airport, hotel, conference site, or other locations necessitated by the business trip (locations of personal interest are not allowed) when the date, origination, and destination are documented. When available, the use of public transportation (e.g., buses, subways) or a hotel / airport shuttle is encouraged. Reimbursement for the reasonable cost of tips related to these forms of transportation is also allowed. Obtain receipts where available.

6.0 Special Travel Situations:

a) Companion/Spouse/Family Travel Expenses

Payment of expenses for companion, spouse, or other family members of the employee is strictly prohibited.

b) Combining Business and Personal Travel

If an employee combines business with personal travel, only the business portion of the trip is reimbursable. This amount may not exceed the amount of reimbursable expenses which would have been incurred had the trip been strictly for business purposes.

If an indirect route is taken as a result of personal travel the reimbursement of expenses shall be limited to the lesser of actual costs incurred or the charges that would have been incurred via a more direct route. In the case of airfare, the employee must document the lowest reasonable cost for round trip coach airfare to the business destination, as well as submitting actual expenses. The District will reimburse the employee for the lesser amount.

c) Travel Extended to Save Costs

Additional expenses associated with travel extended to save costs (e.g. a Saturday night stay for air travel) may be reimbursed when the cost of airfare plus the additional expenses would be less than the cost of airfare had the traveler not extended the trip. These additional expenses include the additional cost of lodging, meals, and incidental expenses incurred in the vicinity of the business destination. If requested, the employee must provide documentation of the airfare savings derived from extending the trip.

d) Ground Transportation in Lieu of Air Travel

An employee may use ground transportation for personal reasons even though air travel is themore economical and efficient mode of transportation. In this case the cost of meals, lodging, mileage, parking, tolls, etc. while in transit by ground transportation will be reimbursed as allowed by District policy for these types of expenses. However, such costs shall not exceed the cost of airfare, based on the lowest available coach fare, plus costs to and from the airport terminal. The employee must provide documentation of potential airfare costs (on/near the days air travel would have been utilized) before receiving reimbursement for the ground transportation.

If the employee's election to use ground transportation results in additional time away from work the employee must use leave time for the additional absence from work.

7.0 Lodging, Meals, & Incidentals:

a) Lodging

Lodging expense is limited to the standard room rate for single occupancy for the minimum number of nights required to attend the function. The employee should request the government or corporate rate where available. Retain itemized receipt.

If multiple co-workers are authorized to travel and share accommodations the hotel room size should be appropriate to the number of employees sharing lodging. One employee, generally higher in the District's organizational structure, should submit the entire lodging expense, making note of those employees covered by the lodging expense.

Stay(s) prior to or beyond that required for the function is the personal responsibility of the employee, see Special Travel Situations: Combining Business and Personal Travel. Any difference between the single occupancy standard room rate and actual room charges is also the personal responsibility of the employee. See Special Travel Situations: Companion/Spouse/Family Travel Expenses

a) Per Diem Meal Allowance

1. Meals are expenses for breakfast, lunch, dinner, gratuities and taxes on those meals, which are incurred on travel status, and are reimbursable based on per diem rates. No receipts are required.
2. Per diem for meals will be reduced for any meals provided as part of a conference/function (excludes continental breakfast) using the guideline provided below.
3. Per Diem Rates
    i. Daily per diem rate is $50 per day for In-State travel and is inclusive of taxes and gratuity *(breakfast $10, lunch $14.00, dinner $26.00 on those days where the employee is not eligible for three meals at District expense)*
    ii. Daily per diem rate is $60 per day for three meals for Out-of-State Travel and is inclusive of taxes and gratuity *(breakfast $12, lunch $15.00, dinner $33.00 on those days where the employee is not eligible for three meals at District expense)* excluding tips.
    iii. Part day travel per diem is prorated by the meal component based upon when travel starts.

b) Incidentals

A per diem of $8/day is also provided (no receipts required) to cover incidental expenses such as reasonable personal telephone calls, etc.

8.0 Business Expenses:

a) Business Meals

Business meals are defined as meals purchased while meeting with a business associate during a meal period to conduct official business on behalf of the District and must be authorized in advance by the Executive Director. The employee's meal and the meal of their business associate(s) may be allowed, excluding the cost of alcoholic beverages. An itemized receipt must accompany the Expense Report form and note the following:

- Date of the meal
- Nature of the business conducted
- Name and business affiliation of all attendees

Employees and Board Members are expected to use sound judgment and fiscal responsibility in assessing the need for business meal expenses.

In general, employees should not use their budgets to entertain or pay for meals of other District employees. Exceptions must be approved in advance by the Executive Director.

b) Meeting Expenses

No food or refreshments should be purchased, using District funds, for meetings of District staff or internal training activities unless the activity falls under one of the following categories:

- Employee and Volunteer Recognition events
- Quarterly Employee Informational meetings
- Team Meetings
- Job recruitment events
- Served to the public at large as a part of a scheduled District program
- District sponsored activity, event, or program where food is part of the event
- Formal / Posted meetings, involving the District Board, elected or appointed officials
- Employee or staff meetings where work or training needs to be conducted over a meal period
- The Executive Director may approve expenditures for other food purchases as deemed appropriate

The qualifying event should be noted on the food/drink receipt and/or expense reimbursement request.

c) Other

Employee recognition expenses are only allowable for established recognition programs.

Gifts are not allowable.

The purchase of greeting cards (i.e. sympathy, get well, birthday, holiday) are not an allowable District Expense.

9.0 <u>Specifically Prohibited Expenses</u>:

Employees are responsible for reviewing the complete Travel and Business Expense policy prior to traveling to determine allowable expenses and receipt requirements necessary for reimbursement.

Prohibited expenses include, but are not limited to, the following:

- Personal items, including personal grooming items
- Beverages and snacks, hotel mini bar charges
- Gifts
- Entertainment and recreation expenses, including hotel movies and health club activities

- Golf outings, fitness events or other "recreational" activities
- Alcoholic beverages
- Expenses for spouses, guests or family members

Conference registration related special events such as banquets, receptions, recognition and award events, etc. are only allowable for the District representative.

10.0 Expense Payment Options:

Direct payment, through the District's normal accounts payable process, may be made for prepaid expenses such as conference registrations.

In addition a P-Card holder may make purchases such as airfare tickets or rental car and hotel reservations on behalf of the traveling employee. The cardholder is then responsible for submitting the related receipts with their monthly P-Card statement. Cardholder's are NOT allowed to give their P-Card or card number to another individual.

a) Expense Advances

Although not encouraged, an expense advance may be secured by submitting an approved purchase order along with an approved Travel and Training Request form to the Finance Department. The amount requested should be a minimum of $100 and should not exceed the amount budgeted for the trip, less any costs that have been prepaid by the District. Such advances shall be requested at least two (2) weeks prior to the date needed.

11.0 Reporting Expenses:

a) Be sure the Travel and Training Request form is approved prior to incurring travel related expenses.

b) Keep all receipts. Itemized receipts are required for lodging, meals, and other miscellaneous incidental costs. Receipts are also required for airfare, auto rental, taxi fare, and registration fees. The amount of any tips or gratuities paid should be noted on the applicable receipt.

c) Expenses paid directly by the District should not be included on the employee Expense Report claim form, with the exception of meal expenses.

d) Receipts for expenses paid with a District purchasing card should be retained for inclusion with your monthly p-card statement.

e) All receipts being reported on the employee's Expense Report form should be attached to an 8 ½" x 11" sheet of paper to prevent small receipts from being lost during the approval and payment processing cycle. Attach these

behind the Expense Report form.

f) Be sure origination and destination has been noted on all taxi fares.

g) Be sure the location for toll and parking charges is included on these receipts. If receipts were not obtainable for these items reimbursement will be made for reasonable costs when the date, location, and amount paid are noted.

h) If a personal vehicle was used as transportation, document the miles traveled along with origination and destination. If mileage was not part of a "travel trip" a mileage log must be attached to the expense report documenting date, origination, destination, business purpose, and number of miles driven. A sample mileage log form is available for your convenience.

i) The amount of any travel advances must be subtracted from total expenses. If the employee's travel advance exceeds allowable expenses the employee must attach, to the expense report, a check, made payable to the District, for the balance.

j) All expenses must be submitted within 20 days of the occurrence or, for routine or daily mileage reimbursement requests, at least quarterly.

k) Expense reports require the approval of the Department Manager, or in the case of a Department Manager the approval of the Executive Director is required. In the case of the Executive Director approval by the Chair of The Board. In the case of the Board Chair, by the Board Vice-Chair. In the case of a Board Member, by the Chair of the Board.

l) Any reimbursements received by the employee from a third party must be promptly remitted to the District by sending a check to the Finance Department.

Board Action and Executive Summary

Item # I Resolution #

For Meeting of November 4, 2011

TITLE: **Presentation and Acceptance of the FY2010 Audit**

PURPOSE(S) OF ACTION: To present the results of the FY 2010 Audit and to request Board acceptance

Name of Drafter: Kelly Muniz, Financial Manager		**Department: Finance**		**Phone: 438-3257**	
Department	**Signature**	**Phone**	**Department**	**Signature**	**Phone**
Staff Sponsor	Kelly Muniz, Financial Manager		Budget		
Legal			Executive Director		

BACKGROUND / KEY ISSUES / CONTRIBUTING FACTORS:

NCRTD staff has been working on the FY2010 audit. It was due to the Office of the State Auditor on December 1, 2010. Due to the FY2008 audit being late, we had a snowball effect where the FY2009 was late, the FY2010 was late. However, we are now on time to submit the FY2011 by December 1, 2011.

Recommendation:

It is recommended that the board accept this Final FY2010 audit. Staff proposes that the Executive Board makes a motion to accept the Comprehensive Annual Financial Report for the fiscal year ended June 30, 2010.

OPTIONS / ALTERNATIVES:

N/A

HINKLE + LANDERS

Certified Public Accountants + Business Consultants

NORTH CENTRAL REGIONAL
TRANSIT DISTRICT

FINANCIAL STATEMENTS

For the year ended December 31, 2010
With Comparative for 2009

2500 9th St. NW, Albuquerque, NM 87102 · 505.883.8788 · www.hl-cpas.com

NORTH CENTRAL REGIONAL TRANSIT DISTRICT
Independent Auditors' Report
And
Financial Statements

TABLE OF CONTENTS

	Page
INTRODUCTORY SECTION	
Table of Contents	i
Official Roster	1
FINANCIAL SECTION	
Independent Auditors' Report	2-3
Basic Financial Statements	
Statement of Net Assets – Proprietary Funds	4
Statement of Revenues, Expenses, and Changes in Fund Net Assets – Proprietary Funds	5
Statement of Cash Flows – Proprietary Funds	6
Notes to the Financial Statements	7-18
SUPPLEMENTAL INFORMATION	
Statement of Revenues, Expenditures, and Changes in Net Assets – Budget (Non-GAAP Budgetary Basis) and Actual	19
OTHER SUPPLEMENTAL INFORMATION	
Schedule of Expenditures of Federal Awards	20
Schedule of Cash and Deposits and Pledged Collateral By Bank and Account	21
Schedule of Joint Powers Agreements	22-23
COMPLIANCE SECTION	
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*	24-25
FEDERAL FINANCIAL ASSISTANCE	
Report on Compliance With Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133	26-27
Schedule of Findings and Questioned Costs	28-47
OTHER DISCLOSURES	48

NORTH CENTRAL REGIONAL TRANSIT DISTRICT
Independent Auditors' Report
And
Financial Statements

OFFICIAL ROSTER
As of June 30, 2010

Board of Directors

Board Member	Title	Representing
Rosemary Romero, Chair	Councilor	City of Santa Fe
Robert J. Seeds, Vice Chair	Councilor	City of Española
Mike Wismer, Secretary	Councilor	County of Los Alamos
Elias Coriz	Commissioner	County of Rio Arriba
Liz Stefanics	Commissioner	County of Santa Fe
Daniel R. Barrone	Commissioner	County of Taos
Virgil Cata	1st Lt. Governor	Pueblo of Ohkay Owingeh
Tim Vigil		Pojoaque Pueblo
Pat Naranjo	Tribal Sheriff	Pueblo of Santa Clara
Raymond Martinez		Pueblos of San Ildefonso
Charles Dorame	Governor	Pueblos of Tesuque

Administration

Name	Title
Josette Lucero	Executive Director

INDEPENDENT AUDITORS' REPORT

Board of Directors and Management of
North Central Regional Transit District
and
Mr. Hector H. Balderas, New Mexico State Auditor

We have audited the accompanying basic financial statements of the North Central Regional Transit District (NCRTD) as of and for the year ended June 30, 2010, as listed in the table of contents. We have also audited the schedule of revenues and expenses and changes in net assets —budget (non-GAAP budget basis) and actual presented as supplemental information for the year ended June 30, 2010, as listed in the table of contents. These financial statements and budget comparison schedule are the responsibility of the NCRTD's management. Our responsibility is to express opinions on these financial statements and budget comparison schedule based on our audit. The prior year summarized comparative information has been derived from the NCRTD's June 30, 2009 financial statements and in our report dated February 15, 2011, we expressed unqualified opinions on those statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the NCRTD as of June 30, 2010, and the respective changes in financial position and cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the budget comparison schedule referred to above presents fairly, in all material respects, the budget comparison of the NCRTD for the year ended June 30, 2010, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 19, 2011, on our consideration of the NCRTD's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The NCRTD has not presented Management's Discussion and Analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the NCRTD's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis required by US Office of Management and Budget Circular A-133, *Audit of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. The additional schedules listed as "other supplemental information" in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Hinkle & Landers, P.C.

Hinkle & Landers, P.C.
September 19, 2011

NORTH CENTRAL REGIONAL TRANSIT DISTRICT
STATEMENT OF NET ASSETS
As of June 30, 2010 With Comparative Totals For 2009

ASSETS		2010	2009
Current Assets			
Cash and cash equivalents	$	3,708,648	1,304,374
Receivables		1,520,591	250,275
Total Current Assets		5,229,239	1,554,649
Non-Current Assets			
Other assets		650	600
Capital Assets, net of accumulated depreciation		2,841,769	1,245,723
Total Assets	$	8,071,658	2,800,972
LIABILITIES AND NET ASSETS			
LIABILITIES			
Current Liabilities			
Accounts payable	$	276,601	31,939
Due to other governments		1,036,398	-
Payroll related liabilities		116,933	78,360
Funds held for others		1,194	-
Compensated absences - current portion		47,673	40,727
Total Current Liabilities		1,478,799	151,026
Non-Current Liabilities			
Compensated absences - non-current portion		39,006	33,466
Total Liabilities		1,517,805	184,492
NET ASSETS			
Unrestricted			
Invested in capital assets		2,841,769	1,245,723
Unrestricted, undesignated		3,012,084	880,600
Restricted - Working Capital		700,000	490,157
Total Net Assets		6,553,853	2,616,480
Total Liabilities and Net Assets	$	8,071,658	2,800,972

SEE INDEPENDENT AUDITORS' REPORT
The accompanying notes are an integral part of these financial statements.

NORTH CENTRAL REGIONAL TRANSIT DISTRICT
STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET ASSETS
For the Year Ended June 30, 2010 With Comparative Totals For 2009

	2010	2009
OPERATING REVENUES		
Charges for services (program revenues)	$ 15,484	12,394
Total operating revenues	15,484	12,394
OPERATING EXPENSES		
Personnel Services		
Salaries and wages	1,389,630	1,120,165
Payroll taxes	83,796	89,715
Employee benefits	484,615	431,399
Total Personnel Services	1,958,041	1,641,279
Other Operating Expenses		
Advertising	49,486	84,454
Dues, licenses and fees	5,316	2,519
Equipment expense	245,582	17,547
Insurance	49,254	41,711
Travel, meetings, travel, lodging, and per diem	27,969	21,293
Occupancy and utilities	34,650	23,982
Office supplies, postage and photocopies	21,031	22,461
Penalties and interest	107	-
Professional services	350,456	145,417
Repairs and maintenance	37,307	62,361
Telephone and Internet	27,677	19,729
Training	3,927	5,967
Transit expenses	377,946	331,077
Uniforms	7,072	12,743
Vehicle repairs and maintenance	213,728	212,093
Depreciation	360,575	242,723
Total other operating expenses	1,812,083	1,246,077
Total Operating Expenses	3,770,124	2,887,356
Operating Income (Loss)	(3,754,640)	(2,874,962)
NON-OPERATING REVENUES (EXPENSES)		
Federal grants	3,271,041	1,578,156
State and local grants	15,000	688,910
Member local match	896,197	926,090
Gross receipts and other taxes	7,112,057	-
Gross receipts passed-thru to other entities	(3,558,285)	-
Interest income	5,400	7,348
Total non-operating revenues (expenses)	7,741,410	3,200,504
Change in net assets	3,986,770	325,542
Net assets, beginning of year	2,616,480	2,290,938
Restatement	(49,397)	-
Beginning net assets-as restated	2,567,083	2,290,938
Net assets, end of year	$ 6,553,853	2,616,480

SEE INDEPENDENT AUDITORS' REPORT

The accompanying notes are an integral part of these financial statements.

NORTH CENTRAL REGIONAL TRANSIT DISTRICT
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2010 With Comparative Totals For 2009

		2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers (charges for services)	$	15,484	12,394
Cash paid to employees (personnel services)		(1,906,982)	(1,728,880)
Cash paid to suppliers (other operating expenses)		(1,205,702)	(1,064,958)
Net cash provided (used) by operating activities		(3,097,200)	(2,781,444)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:			
Cash received from grants and agreements		2,862,525	3,674,871
Cash received from gross receipts and other taxes		7,112,057	-
Cash paid to other entities for pass-thru taxes		(2,521,887)	-
Net cash provided by (used for) noncapital financing activities		7,452,695	3,674,871
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Cash paid for acquisition of capital assets		(1,956,621)	(784,987)
Net cash provided by (used for) capital and related financing activities		(1,956,621)	(784,987)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Cash received from interest on cash and cash equivalents		5,400	7,348
Net cash provided by (used for) investing activities		5,400	7,348
Net increase (decrease) in cash and cash equivalents		2,404,274	115,788
Cash and cash equivalents, beginning of year		1,304,374	1,188,586
Cash and cash equivalents at end of year	$	3,708,648	1,304,374

Reconciliation of operating loss to net cash used in operating activities

Operating income/(loss)	$	(3,754,640)	(2,874,962)
Adjustments to reconcile increases in net assets to cash provided by operating activities:			
Depreciation expense		360,575	242,723
Change in assets and liabilities:			
Other assets		(50)	-
Accounts payables		244,662	(61,604)
Payroll related liabilities		38,573	(110,402)
Funds held for others		1,194	-
Compensated absences		12,486	22,801
Net cash used by operating activities	$	(3,097,200)	(2,781,444)

SEE INDEPENDENT AUDITORS' REPORT
The accompanying notes are an integral part of these financial statements.

NORTH CENTRAL REGIONAL TRANSIT DISTRICT
Notes To Financial Statements
For The Year Ended June 30, 2010, With Comparative Totals For 2009

NOTE 1—NATURE OF OPERATIONS

Purpose

The NCRTD was established in September 2004, and operations of the NCRTD commenced in May 2005. The purpose of the NCRTD is to:

A. Serve the public by providing for the creation of regional networks of safe and efficient public transit services;

B. Allow multi-jurisdictional public transit systems to reduce the congestion of single-occupant motor vehicle traffic by providing transportation options for residents;

C. Decrease automobile accidents by reducing traffic congestion on freeways and streets;

D. Reduce noise and air pollution produced by motor vehicles.

E. Prolong and extend the life of New Mexico's existing roadways by easing the traffic burden;

F. Provide residents with a choice of transportation alternatives so that seniors, youth, low-income and mobility-impaired residents and others unable to drive or afford motor vehicles continue to have full access to the goods, services, jobs and activities of the community;

G. Improve the New Mexico economy by increasing workforce and citizen access to education and higher paying jobs; and

H. Prolong and extend petroleum resources.

Membership

The NCRTD is a membership organization that is open to governmental units, which means the State of New Mexico, Counties, Municipalities of New Mexico, Indian Nations, Tribes, and or Pueblos located within the boundaries of Los Alamos, Rio Arriba of Santa Fe Counties in New Mexico may join. Members may be added or deleted pursuant to Article VIII of the NCRTD's bylaws and State Statute Section 73-25-17.

The Board is composed of one Director from each participating member of the NCRTD. A Director shall be an elected official or official designee, Tribal Governor or Tribal Council Member. The Director shall hold office until removed by the appointing member governmental unit or until the Director no longer holds elective office in the governing body of the appointing governmental unit or until the Director submits written resignation to the Chairman of the Board. Directors shall not serve a term longer than four years unless re-appointed by their Member governing body.

Reporting Entity

The financial statements of the NCRTD encompass the activities of the NCRTD and any applicable component units.

In evaluating how to define the NCRTD, for financial reporting purposes, management has considered all potential component units. The decision to include any potential component units in the financial reporting entity was made by applying the criteria set forth in GASB No. 14 and No. 39. Blended component units, although legally separate entities, are in substance part of the government's

operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

The basic-but not the only-criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Finally, the nature and significance of a potential component unit to the primary government could warrant its inclusion within the reporting entity. Based upon the application of these criteria, there were no component units identified as needing to be disclosed or presented as part of the reporting entity.

NOTE 2—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements have been prepared in accordance with the accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units.

A— Measurement focus, basis of accounting, and financial statement presentation

The NCRTD's activities are reported as business-type activities. As a result, the financial statements are comprised solely of proprietary fund financial statements. Proprietary statements include a Statement of Net Assets, a Statement of Revenues, Expenses and Changes in Fund Net Assets, and a Statement of Cash Flows.

Proprietary funds are accounted for using the "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or noncurrent) are included on the Statement of Net Assets. The Statement of Revenues, Expenses and Changes in Fund Net Assets presents increases (revenues) and decreases (expenses) in total net assets. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred. Sales and use taxes are classified as derived tax revenues and are recognized as revenue when the underlying exchange takes place and the revenues are measurable and available.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the NCRTD are user fees generated from transportation services. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. In 2008, the NCRTD began generating user fees and these amounts are expected to increase as the NCRTD continues to grow and develop, with the exception of if the board elects to suspend the user fees.

The NCRTD applies pronouncements of the Government Accounting Standards Board (GASB) and statements and interpretations of the Financial Accounting Standards Board (FASB) issued on or before November 30, 1989, Accounting Principles Board Opinions, and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements. The NCRTD has elected not to apply FASB statements and interpretations issued after November 30, 1989.

When both restricted and unrestricted resources are available for use, it is the NCRTD's policy to use applicable restricted resources first, then unrestricted resources as they are needed.

B—Use of Estimates

Financial statement preparation in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the financial statement date and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

C—Advertising

The NCRTD expenses advertising costs as incurred. Advertising costs are incurred primarily for the dissemination of program information.

D—Net Assets

The proprietary fund financial statements utilize a net asset presentation. Net Assets are categorized in the following three categories: invested in capital assets (net of related debt), restricted and unrestricted.

1. Invested in Capital Assets (net of related debt)—Is intended to reflect the portion of net assets which are associated with non-liquid, capital assets less outstanding capital asset related debt. The net related debt is the debt less the outstanding liquid assets and any associated unamortized cost. The NCRTD did not have any related debt during the year ended June 30, 2010.

2. Restricted net assets—Consist of net assets with constraints placed on the use by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation or federal law.

3. Unrestricted net assets—Consists of assets less liabilities after the amount invested in capital assets and any restricted net assets have been subtracted.

The statement of net assets reports $700,000 of net assets restricted by enabling legislation. All the restricted net assets are considered restricted by enabling legislation under the various grant and contract agreements. The enabling legislation has been determined to be legally enforceable. Legal enforceability means that a government can be compelled by an external party-such as citizens, public interest groups, or the judiciary-to use resources created by enabling legislation only for the purposes specified by the legislation. Generally, the enforceability of an enabling legislation restriction is determined by professional judgment, which may be based on actions such as analyzing the legislation to determine if it meets the qualifying criteria for enabling legislation, reviewing determinations made for similar legislation of the government or other governments, or obtaining the opinion of legal counsel. However, enforceability cannot ultimately be proven unless tested through the judicial process, which may never occur. The determination of legal enforceability should be based on the underlying facts and circumstances surrounding each individual restriction. The determination that a particular restriction is not legally enforceable may lead a government to reevaluate the legal enforceability of similar enabling legislation restrictions, but should not necessarily lead a government to conclude that all enabling legislation restrictions are unenforceable.

E—Reclassifications

Certain reclassifications have been made to the 2009 financial statements to conform to those used in 2010.

F—Prior Year Comparative Totals

The financial statements include certain prior-year summarized comparative information in total. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the NCRTD's financial statements for the year ended June 30, 2009, from which the summarized information was derived.

G—Cash and Cash Equivalents

For purposes of the statement of cash flows, the NCRTD considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents

H—Capital Assets

Capital assets are defined by the NCRTD as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. The total interest expense capitalized by the NCRTD during the current fiscal year was $0. No interest was included as part of the cost of capital assets under construction.

Property, plant, and equipment of the NCRTD are depreciated using the straight line method over the following estimated useful lives:

Classification	Estimated Useful Life
Land	Perpetuity
Buildings and improvements	20 - 40 years
Leasehold improvements	20 years
Vehicles	5 - 7 years
Furniture, fixtures, & equipment	5 - 7 years

I—Donated Capital Assets

Donations of capital assets are recorded as support at their estimated fair value at the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specified purpose. Assets donated with explicit restrictions regarding their use and contributions of cash must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the NCRTD reports

expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The NCRTD reclassifies restricted net assets to unrestricted net assets at that time. During the year ended June 30, 2010, the NCRTD did not receive any contributed capital assets.

J—Compensated Absences

The NCRTD's policy permits employees to accumulate earned but unused vacation, compensatory hours, and sick pay benefits. Compensated absences are those absences for which employees will be paid, such as vacation, sick leave, and overtime. A liability for compensated absences that are attributable to services already rendered and that are not contingent on a specific event that is outside the control of the NCRTD and its employees is accrued as employees earn the right to the benefits. Compensated absences that related to future services or that are contingent on a special event that is outside the control of the government and its employees are accounted for in the period in which such services are rendered or when such events take place. Compensated absences liability includes annual leave which has been accrued but not taken. Sick leave is not required to be paid out upon termination and therefore is not part of the liability calculated at year 2010, and 2009.

The maximum accrued annual leave may be carried forward into the beginning of the next calendar year and any excess is lost. The maximum amount that may be accumulated and carried over into the following year is not to exceed two (2) times the annual maximum accrual. When employees terminate, they are compensated for accumulated unpaid annual leave as of the date of termination, up to the aforementioned maximums at their current hourly rate. See the "changes in long term debt" note in this report for the accrued compensated absences payable outstanding as of At June 30, 2010.

K—Grant Revenues

Proceeds from the Department of Transportation and other grants are considered voluntary nonexchange revenues under GASB Statement 33. Accordingly, revenues are recorded when all underlying eligibility requirements have been met, which occurs when the NCRTD has incurred an allowable expenditure under the terms of the grant agreement. Other grant revenue consists of grants from members of the NCRTD, to include monies for which the NCRTD must match (through user fees or other grants) at least one dollar for every four dollars provided by the Department of Transportation grant.

L—Budgets

The NCRTD's budget is prepared on a basis consistent with accounting principles generally accepted in the United States of America (GAAP), using an estimate of anticipated revenues and expenses. The budgets is presented on the modified accrual basis of accounting, which does not include capitalizing fixed capital assets over $5,000, instead these expenditures are presented as capital outlay.

The Financial Manager prepares an overall budget by project fund for the NCRTD which is adopted by the Board. This Budget includes expected receipts and expenditures of the Operating Fund. The NCRTD is required to prepare budgets for each program for submission directly to that program's funding source. Each funding source has its own requirements as to the timing of budget preparation and interim reports, line items and categories to be used and amounts to be included. Some require a report of grantor expenditures only, while others require a report of total program expenditures. The budgets, used by the NCRTD to monitor each program, are also used for comparisons in the accompanying financial statements. Therefore, the NCRTD legally approves its budget by total expenditures by fund.

Formal budgetary integration is employed as a management control device during the year. Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of

America. The only difference between the GAAP basis and the GAAP budgetary basis financial statements are that the GAAP budgetary basis records capital outlay as an expenditure and the GAAP basis financial statements capitalizes those amounts of $5,000 and greater.

The time, at which appropriations lapse, depends on the funding source and related legal requirements. Unexpended appropriations funded by all grants do not lapse at the fiscal year-end and may be carried forward. There were no appropriations received by the NCRTD as of June 30, 2010.

The legal level of budgetary control is as follows: personnel expenses and other operating expenses. The level of classification detail at which expenditures may not legally exceed appropriations varies depending on the funding source. The legally permissible methods for amending the initially approved budget vary depending on the funding source. Applications for additional funds must be submitted to the funding source. The presented budgetary information has been properly amended during the year.

New Mexico State law prohibits The NCRTD from making expenditures in excess of approved appropriations. If a fund is not overspent, it is in compliance with state law. The 2010/2011 budget has been legally adopted.

NOTE 3—CASH AND CASH EQUIVALENTS

Please see the Schedule of Cash and Deposits and Pledged Collateral By Bank and Account in the supplementary information section of the audit report. Below are required disclosures regarding credit and interest risk.

The NCRTD's cash balances consist of demand deposits. The NCRTD's cash balances totaled the following as of June 30, 2010 and 2009.

Cash and Cash Equivalents	2010	2009
Cash		
Los Alamos National Bank - Checking	$ 3,690,971	1,296,351
Bank of America Espanola	17,677	8,023
Total	$ 3,708,648	1,304,374

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the NCRTD's deposits may not be returned to it. State regulations require that uninsured demand deposits and deposit-type investments such as certificates of deposit be collateralized by the depository thrift or banking institution. At present, state statutes require that a minimum of fifty percent of uninsured balances on deposit with anyone institution must be collateralized, with higher requirements up to 100% for financially troubled institutions.

As of June 30, 2010, all of the NCRTD's uninsured deposits were collateralized with securities held by pledging financial institution's trust department or agent in the NCRTD's name. Specific details of the collateralization of the NCRTD's deposits is included on the Schedule of Cash and Deposits and Pledged Collateral By Bank and Account on page 20.

NOTE 4—RECEIVABLES

Type		2010	2009
Member match receivable	$	47,400	49,397
Gross receipt tax receivable		1,206,798	-
NM DOT federal grant receivable		266,393	191,606
Vendor refund receivable		-	9,272
Allowance for doubtful accounts		-	-
Total	$	1,520,591	250,275

All receivables noted above are deemed fully collectible and an allowance for doubtful accounts has not been established. All amounts are deemed collectible within one year of June 30, 2010.

NOTE 5—DUE TO OTHER GOVERNMENTS

Amounts due to other governments consisted of the following at December 31, 2010 and 2009:

Entity	Purpose		2010	2009
City of Santa Fe	Gross receipts pass-thru	$	543,072	-
Rio Metro RTD	Gross receipts pass-thru		493,326	-
		$	1,036,398	-

NOTE 6—ACCRUED LIABILITIES

Accrued liabilities at December 31, 2010 and 2009 consistent of the following:

Type		2010	2009
Accrued payroll	$	75,239	58,821
Payroll related taxes and deductions		41,694	19,539
Total	$	116,933	78,360

NOTE 7—PERA PENSION PLAN

A—Plan Description

Substantially all of the NCRTD's full-time employees participate in a public employee retirement system authorized under the Public Employees Retirement Act (Chapter 10, Article 11, NMSA 1978). The Public Employees Retirement Association (PERA) is the administrator of the plan, which is a cost-sharing multiple-employer defined benefit retirement plan. The plan provides for retirement benefits, disability benefits, survivor benefits and cost-of-living adjustments to plan members and beneficiaries. PERA issues a separate, publicly available financial report that includes financial statements and required supplementary information for the plan. That report may be obtained by writing to PERA, P.O. Box 2123, Santa Fe, NM 87504-2123. The report is also available on PERA's website at www.pera.state.nm.us.

B—Funding Policy

The NCRTD contributes to the plan through the City of Santa Fe and is under the same state statutes as the City of Santa Fe. Under Municipal Plan #2, state statute requires that plan members contribute 9.15% of their gross salary. The NCRTD is required to contribute 9.15% of the gross covered salary. The contribution requirements of plan members and the NCRTD are established in State statute under Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. The

NCRTD's contributions to PERA for the fiscal years ending June 30, 2010, 2009 and 2008 were $126,374, $94,379, and $61,026, respectively, which equal the amount of the required contributions for each fiscal year.

NOTE 8—POST-EMPLOYMENT BENEFITS—STATE RETIREE HEALTH CARE PLAN

A—Plan Description

The NCRTD contributes to the New Mexico Retiree Health Care Fund, a cost-sharing multiple-employer defined benefit postemployment healthcare plan administered by the New Mexico Retiree Health Care Authority (RHCA). The RHCA provides health care insurance and prescription drug benefits to retired employees of participating New Mexico government agencies, their spouses, dependents, and surviving spouses and dependents. The RHCA Board was established by the Retiree Health Care Act (Chapter 10, Article 7C, NMSA 1978). The Board is responsible for establishing and amending benefit provisions of the healthcare plan and is also authorized to designate optional and/or voluntary benefits like dental, vision, supplemental life insurance, and long-term care policies.

Eligible retirees are: 1) retirees who make contributions to the fund for at least five years prior to retirement and whose eligible employer during that period of time made contributions as a participant in the RHCA plan on the person's behalf unless that person retires before the employer's RHCA effective date, in which event the time period required for employee and employer contributions shall become the period of time between the employer's effective date and the date of retirement; 2) retirees defined by the Act who retired prior to July 1, 1990; 3) former legislators who served at least two years; and 4) former governing authority members who served at least four years.

The RHCA issues a publicly available stand-alone financial report that includes financial statements and required supplementary information for the postemployment healthcare plan. That report and further information can be obtained by writing to the Retiree Health Care Authority at 4308 Carlisle NE, Suite 104, Albuquerque, NM 87107.

B—Funding Policy

The Retiree Health Care Act (Section 10-7C-13 NMSA 1978) authorizes the RHCA Board to establish the monthly premium contributions that retirees are required to pay for healthcare benefits. Each participating retiree pays a monthly premium according to a service based subsidy rate schedule for the medical plus basic life plan plus an additional participation fee of five dollars if the eligible participant retired prior to the employer's RHCA effective date or is a former legislator or former governing authority member. Former legislators and governing authority members are required to pay 100% of the insurance premium to cover their claims and the administrative expenses of the plan. The monthly premium rate schedule can be obtained from the RHCA or viewed on their website at www.nmrhca.state.nm.us.

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. During the fiscal year ended June 30, 2010, the statute required each participating employer to contribute 1.3% of each participating employee's annual salary; each participating employee is required to contribute .65% of their salary. In the fiscal years ending June 30, 2011 through June 30, 2013 the contribution rates for employees and employers will rise as follows:

For employees who are not members of an enhanced retirement plan the contribution rates will be:

Fiscal Year	Employer Contribution Rate	Employee Contribution Rate
FY11	1.666%	0.833%
FY12	1.834%	0.917%
FY13	2.000%	1.000%

For employees who are members of an enhanced retirement plan (state police and adult correctional officer coverage plan 1; municipal police member coverage plans 3, 4 and 5; municipal fire member coverage plan 3, 4 and 5; municipal detention officer member coverage plan 1; and members pursuant to the Judicial Retirement Act [10-12B-1 NMSA 1978]) the contribution rates will be:

Fiscal Year	Employer Contribution Rate	Employee Contribution Rate
FY11	2.084%	1.042%
FY12	2.292%	1.146%
FY13	2.500%	1.250%

Also, employers joining the program after 1/1/98 are also required to make a surplus-amount contribution to the RHCA based on one of two formulas at agreed-upon intervals.

The RHCA plan is financed on a pay-as-you-go basis. The employer, employee and retiree contributions are required to be remitted to the RHCA on a monthly basis. The statutory requirements for the contributions can be changed by the New Mexico State Legislature.

The NCRTD's contributions to the RHCA for the years ended June 30, 2010, 2009 and 2008 were $18,385, $9,553 and $7,465, respectively, which equal the required contributions for each year.

REMAINDER OF PAGE INTENTIONALLY LEFT BLANK

NOTE 9—PROPERTY AND EQUIPMENT AND DEPRECIATION

Property and equipment are summarized as follows:

Business Type Activities	Balance 2009	Additions	Adjustments	Balance 2010
Capital assets not being depreciated:				
Land	$ -	1,228,011	-	1,228,011
Construction in progress	-	-	-	-
Total capital assets not being depreciated	-	1,228,011	-	1,228,011
Capital assets being depreciated:				
Vehicles	1,536,848	258,045	(25,000)	1,769,893
Furniture, fixtures, & equipment	41,535	-	-	41,535
Leasehold improvements	5,625	-	-	5,625
Buildings and improvements	32,132	470,565	-	502,697
Total capital assets being depreciated	1,616,140	728,610	(25,000)	2,319,750
Less accumulated depreciation for:				
Vehicles	(362,603)	(340,577)	25,000	(678,180)
Furniture, fixtures, & equipment	(7,188)	(8,307)	-	(15,495)
Leasehold improvements	(23)	(281)	-	(304)
Buildings and improvements	(603)	(11,410)	-	(12,013)
Total accumulated depreciation	(370,417)	(360,575)	25,000	(705,992)
Total capital assets being depreciated	1,245,723	368,035	-	1,613,758
Capital assets, net	$ 1,245,723	1,596,046	-	2,841,769

For the years ended June 30, 2010 and 2009, depreciation expense was $360,575 and $242,723, respectively.

As of the year ended June 30, 2010, the NCRTD had idle equipment in the category of vehicles of acquisition cost of $155,000, accumulated depreciation of $96,050 and a book value of $58,950. No insurance recoveries will be collected related to the idle equipment.

Liens

All capital equipment purchased with funds provided by New Mexico Department of Transportation (NMDOT) shall reflect a lien held by NMDOT. The maturity of liens are as follows: four years for vans, sedans, and station wagons and seven years for small buses from the date of issuance of Certificate of Title

NOTE 10—CHANGES IN LONG-TERM DEBT

A summary of changes in long-term debt for the year ended June 30, 2010 is as follows:

	Balance 2009	Additions	Deletions	Balance 2010	Due Within One Year
Compensated absences	$ 74,193	53,973	(41,487)	86,679	39,006

Prior year compensated absences have been liquidated by the operating fund. No short-term debt was incurred during fiscal year 2010 or 2009.

NOTE 11—RISK MANAGEMENT

The NCRTD is insured through purchase of commercial insurance policies for general liability and purchases Worker's Compensation Insurance from the New Mexico Self Insurer's Fund. Worker's Compensation claims are handled by the New Mexico Self Insurer's Fund.

NOTE 12—GRANTS

The NCRTD receives financial assistance from federal sources in the form of grants. The expenditures of the funds received are generally limited to specific compliance requirements as specified in the grant agreement. The federal agencies reserve the right to conduct a follow-up review. Any disallowed expenditures resulting from federal agency review could become a liability of the NCRTD.

NOTE 13—LEASE COMMITMENTS

The NCRTD entered into a lease beginning November 17, 2008 for office space. The term of the lease is for 24 months for $1,900 a month. Rental expenses under the lease in 2010 were $24,890 and were $20,007 in 2009. The future remaining lease payments under these agreements are as follows:

Year Ended		Lease Payments
2011	$	7,600
2012		-
2013		-
2014		-
2015		-
Thereafter		-
Total	$	7,600

NOTE 14—RESTRICTED NET ASSETS

On March 20, 2007, an agreement between the NCRTD and Los Alamos County was reached where funding in the amount of $1,600,000 was awarded to the NCRTD to fund operations. Of the total, $500,000 was received in fiscal year 2007 and $1,100,000 was received in 2008. As part of the agreement, the NCRTD is to maintain a revolving fund for working capital maintained in perpetuity through reimbursement from other revenue sources, including federal grants. At June 30, 2010, the revolving fund balance was $700,000 and at June 30, 2009, the revolving fund balance was $490,157. These amounts are presented as restricted net assets on the statement of net assets.

NOTE 15—RELATED PARTY TRANSACTIONS

The by-laws of the NCRTD require the composition of the Board of Directors to represent member governments. As a result, many members of the Board of Directors are employed by, or serve in an elected capacity for, the member governments. Due to the nature of the NCRTD, Board members have a significant interest in the NCRTD's transactions related to the furnishing of services to their respective governments, community and constituents.

NOTE 16--RESTATEMENT OF RECEIVABLES

A restatement of net assets was required to adjust receivables to its proper balance in the prior year ended June 30, 2009. Payments on receivables were received, however instead of decreasing the receivable balance, they were charged to revenue. As a result, the prior year ending receivables balance was overstated by $49,397. The restated amounts are as follows:

Receivables	$	250,275
Adjustment		(49,397)
Grant receivables - adjusted	$	200,878

It was not considered necessary to reissue the June 30, 2009 audit report for this restatement.

NORTH CENTRAL REGIONAL TRANSIT DISTRICT
SCHEDULE OF REVENUE, EXPENSES AND CHANGES IN NET ASSETS
BUDGET (GAAP BUDGET BASIS) AND ACTUAL
For Year Ended June 30, 2010

	Original	Final	Actual	Variance
Operating Revenues				
Revenue				
Charges for services	$ -	-	15,484	15,484
Operating Expenses				
Personnel Services	1,755,252	2,181,921	1,958,041	223,880
Other Operating Expenses	2,673,774	3,124,813	1,451,508	1,673,305
Capital Outlay	3,449,186	3,392,930	1,956,621	1,436,309
Total Operating Expenses	7,878,212	8,699,664	5,366,170	3,333,494
Operating Income (Loss)	(7,878,212)	(8,699,664)	(5,350,686)	3,348,978
Nonoperating Revenues (Expenses)				
Federal grants	4,037,574	4,325,338	3,271,041	(1,054,297)
State and local grants	-	-	15,000	15,000
Member local match	880,000	1,440,997	896,197	(544,800)
Gross receipts and other taxes	5,208,716	5,208,716	7,112,057	1,903,341
Gross receipts pass-thru to other entities	(2,275,387)	(2,275,387)	(3,558,285)	(1,282,898)
Interest income	30,000	-	5,400	5,400
Total Nonoperating Revenues (Expenses) Income (Loss)	7,880,903	8,699,664	7,741,410	(958,254)
Change in net assets	$ 2,691	-	2,390,724	2,390,724
Net assets, beginning of year		2,616,480	2,616,480	
Net assets, end of year			$ 5,007,204	

Reconciliation to Statement of Revenue, Expenses and Changes in Net Assets

Change in net assets-budget basis	$ 2,390,724
Subtract depreciation that was recorded on the statement of operations but not on GAAP Budget Basis	(360,575)
Capital outlay that was capitalized on the balance sheet but not on GAAP Budget Basis	1,956,621
Change in net assets-business type activity - full accrual basis	$ 3,986,770

NORTH CENTRAL REGIONAL TRANSIT DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For Year Ended June 30, 2010

Federal Grantor/Pass-Through Grantor/Program or Cluster Title		Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Transportation				
Passed through New Mexico Department of Transportation				
5311 Grant - Formula Grants for Other Than Urbanized Areas	*	20.509	M00813/ M00917	$ 1,129,614
ARRA-Formula Grants for Other Than Urbanized Areas	*	20.509	M00901	1,696,978
Total CFDA 20.509				2,826,592
5316 Grant - Job Access - Reverse Commute		20.516	M00858	158,966
5304 Grant - State Planning and Research		20.515	M00837/4	58,524
5309 Grant - Federal Transit - Capital Investment Grants		20.500		206,317
Total U.S. Department of Transportation				3,250,399
U. S. Department of Health and Human Services				
Passed through Mid-Region Council of Governments				
Temporary Assistance to Needy Families (TANF)		93.558	GSA-10-630-9000-0011	21,261
Total Expenditures of Federal Awards				$ 3,271,660

* = major program

Notes to Schedule of Expenditures of Federal Awards

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant expenditure activity for the financial statements of the organization. The schedule is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations.

Note 2 - Non-Cash Federal Assistance

No non-cash federal assistance was received during the year ended June 30, 2010.

Note 3 - Subrecipients

The organization provided no federal awards presented above to sub-recipients during the year.

Note 4 - Federal Insurance

The organization is re-deemed an employee of the Federal Government for the purposes of malpractice liability protection under the Federal Tort Claims Act (FTCA) during the budget period, for the period this audit report covers.

NORTH CENTRAL REGIONAL TRANSIT DISTRICT
SCHEDULE OF CASH AND DEPOSITS AND PLEDGED COLLATERAL BY BANK AND ACCOUNT
As of June 30, 2010

Account Name	Account Type	Los Alamos National Bank	Bank of America	Bank Balance	Outstanding Checks	Book Balance
LANB Checking	Checking Account	$ 3,713,707	-	3,713,707	(22,721)	3,690,986
Espanola Checking	Checking Account	-	17,662	17,662	-	17,662
Total amount of deposit in bank		3,713,707	17,662	3,731,369	(22,721)	3,708,648
FDIC coverage		(250,000)	(17,662)	(258,023)		
Total uninsured public funds		3,463,707	-	3,473,346		
50% Collateral Requirement (Section 6-10-17 NMSA 1978)		1,731,854	-	1,736,673		

Description	Maturity - CUSIP	Pledged Market Value				
Pledged Security At:						
Dallas: FHLB Letter of Credit	12/12/2011 - #3133955V3	2,500,000	-	2,500,000		
Dallas: FHLB Letter of Credit	06/29/2012 - #3133XWGR4	250,000	-	250,000		
Dallas: FHLB Letter of Credit	08/24/2012 - #3133XUJZ7	500,000	-	500,000		
Dallas: FHLB Letter of Credit	08/24/2012 - #3133XUJZ7	500,000	-	500,000		
Subtotal - Collateral		3,750,000	-	3,750,000		
Amount over/(under)/ collateralized		$ 2,018,146	-	2,013,327		
Total book balance						$ 3,708,648

Custodial Credit Risk is the risk that in the event of a bank failure, NCRTD's deposits may not be returned. The NCRTD does not have a policy for custodial credit risk. As of June 30, 2010, The NCRTD bank balances were exposed to custodial credit risk as follows:

Uninsured and uncollateralized (fully covered)	$ -
Uninsured, collateral held by the pledging banks, but not in the name of the NCRTD	3,473,346
	$ 3,473,346

NORTH CENTRAL REGIONAL TRANSIT DISTRICT
SCHEDULE OF JOINT POWERS AGREEMENTS AND GOVERNMENTAL AGREEMENTS
For Year Ended June 30, 2010

Item #	Name of Entity	Type of Agreement JPA/MOA/ MOU	Description of Services	Type of Funds	Beginning Date	End Date	Total Estimated Project Amount and Amount Applicable to Agency	Amount Contributed by NCRTD During Current Fiscal Year	Contribution of Working Capital to NCRTD	Termination Clause
1.	NMDOT	MOA	Federal Assistance for development of Transportation Plans	Federal - 5304 Grant	2/12/2009	7/31/2009 Federal Portion Local Portion	$ 200,000 100,000 100,000	$ 35,924	$ -	Termination for Cause by NMDOT
2.	NMDOT	MOA	Federal Assistance for Transit Capital Assistance Funds	Federal - ARRA	8/15/2009	6/30/2010 Federal Portion	2,000,000 2,000,000	-	-	Termination for Cause by NMDOT
3.	NMDOT	MOA	Federal Assistance for public transportation in rural and non-urbanized areas.	Federal - 5311 Grant	10/1/2009	9/30/2010 Federal Portion Local Portion	1,686,649 1,065,726 620,924	620,924	-	Termination for Cause by NMDOT
4.	NMDOT	MOA	Federal Assistance for transportation services to low income individuals.	Federal - 5316 Grant	7/1/2009	6/30/2010 Federal Portion Local Portion	325,000 162,500 162,500	162,500	-	Termination for Cause by NMDOT
5.	Santa Fe County	MOA	Provide transportation services to residents of Santa Fe County		11/18/2008	3/31/2010	Dependent Upon Tax Receipt Collections	-	-	Upon 60 Day Written Notice by either party
6.	County of Los Alamos	MOU	To Provide Local Match for Federal Grants	Los Alamos Contribution	7/1/2009	6/30/2010	880,000	-	880,000	Upon 30 Day Written Notice by either party
7.	Santa Fe County	MOU	To purchase vehicles for county transportation services	SF County Funds	7/20/2009	6/30/2013	15,000	15,000	-	Upon 30 Day Written Notice by either party
8.	Rio Metro RTD	Inter-governmental Agreement	Commuter Rail Service	Santa Fe County Gross Receipts Tax	4/29/2009	Indefinite	Dependent Upon Tax Receipt Collections	-	-	As Long as Regional Transit GRT is Levied
9.	Pueblo of Santa Clara	MOA	Transportation Services to Members of Pueblo of Santa Clara and others	Federal Tribal Transit	6/26/2009	6/30/2010 Federal Tribal Transit	125,000 125,000	-	-	Termination for Cause by NMDOT
10.	Pueblo of Tesuque	MOA	Transportation Services to Members of Pueblo of Tesuque and others	Federal Tribal Transit	6/26/2009	6/30/2010 Federal Tribal Transit	250,000 250,000	-	-	Termination for Cause by NMDOT

NORTH CENTRAL REGIONAL TRANSIT DISTRICT
SCHEDULE OF JOINT POWERS AGREEMENTS AND GOVERNMENTAL AGREEMENTS
For Year Ended June 30, 2010

Item #	Name of Entity	Type of Agreement JPA/MOA/ MOU	Description of Services	Type of Funds	Beginning Date	End Date	Total Estimated Project Amount and Amount Applicable to Agency	Amount Contributed by NCRTD During Current Fiscal Year	Contribution of Working Capital to NCRTD	Termination Clause
11.	San Ildefonso Pueblo	MOA	Transportation Services to Members of Pueblo of San Ildefonso and others	Federal Tribal Transit	6/12/2009	6/30/2010	25,000	-	-	Termination for Cause by NMDOT
						Federal Tribal Transit	25,000			
						Total	$ 5,506,649	$ 834,348	$ 880,000	

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS ON BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Directors and Management of
North Central Regional Transit District
and
Mr. Hector H. Balderas, New Mexico State Auditor

We have audited the accompanying basic financial statements of the North Central Regional Transit District (NCRTD) of the as of and for the year ended June 30, 2010, and the budget comparison schedule for the year ended June 30, 2010 presented as supplementary information, and have issued our report thereon dated September 19, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the NCRTD's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the NCRTD's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the NCRTD's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies, or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses, 08-01, 08-02, 08-03, 08-04, 08-08, 10-02, 10-04, 10-05, and 10-06.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompany schedule of findings and questioned costs to be significant deficiencies, 06-01, 07-01, 08-10, 08-11, 10-01, and 10-03.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the NCRTD's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and which are described in the accompanying schedule of findings and questioned costs as items 06-01 and 08-05.

We also noted a certain other matter that is required to be reported pursuant to *Government Auditing Standards* paragraphs 5.14 and 5.16, and pursuant to Section 12-6-5, NMSA 1978, which is described in the accompanying schedule of findings and questioned costs as finding, 10-07.

The NCRTD's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the NCRTD's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the finance committee, management, of the NCRTD, others within the agency, the New Mexico State Auditor, the New Mexico Legislature, the New Mexico Department of Finance and Administration and applicable federal grantors and is not intended to be and should not be used by anyone other than these specified parties.

Hinkle & Landers, P.C.

Hinkle & Landers, P.C.
September 19, 2011

REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Board of Directors and Management of
North Central Regional Transit District
and
Mr. Hector H. Balderas, New Mexico State Auditor

Compliance

We have audited the North Central Regional Transit District's (NCRTD) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the NCRTD's major federal programs for the year ended June 30, 2010. The NCRTD's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the NCRTD's management. Our responsibility is to express an opinion on the NCRTD's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the NCRTD's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the NCRTD's compliance with those requirements.

In our opinion, the NCRTD, complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items: 06-01 and 08-11.

Internal Control Over Compliance

Management of the NCRTD is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the NCRTD's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but

not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the NCRTD's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies as described in the accompanying schedule of findings and questioned costs as items 06-01 and 08-11.

A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

The NCRTD's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the NCRTD's response and accordingly, we express no opinion on it.

This report is intended solely for the information and use of the finance committee, management of the NCRTD, others within the agency, the New Mexico State Auditor, the New Mexico Legislature, the New Mexico Department of Finance and Administration, and applicable federal grantors and is not intended to be and should not be used by anyone other than these specified parties.

Hinkle & Landers, P.C.

Hinkle & Landers, P.C.
September 19, 2011

NORTH CENTRAL REGIONAL TRANSIT DISTRICT
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2010

SECTION I – SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued	Unqualified	
Internal Control over financial reporting:		
Material weaknesses identified?	X Yes	_No
Significant deficiencies identified that are Not considered to be material weaknesses?	X Yes	_No
Non-compliance material to financial statements noted?	X Yes	_No

Federal Awards

Internal Control		
Material weaknesses identified?	X Yes	_No
Significant deficiencies identified that are Not considered to be material weaknesses?	X Yes	_No
Type of auditors' report issued on major programs	Unqualified	
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	X Yes	_No

CFDA Numbers Funding Source	Name of Federal Programs	Funding Source
20.509	Capital, Administrative and Operating Expenses	U.S. Dept of Transportation
20.509	ARRA – 5311 Capital Assistance	U.S. Dept of Transportation

Dollar threshold use to distinguish between A and B programs: $300,000

Auditee qualified as low-risk auditee? ____ Yes __X__ No

NORTH CENTRAL REGIONAL TRANSIT DISTRICT
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2010

SECTION II AND III-FINANCIAL STATEMENTS AND FEDERAL AWARD AND STATE AUDITOR FINDINGS

Reference FY-Finding #	Findings	Status of Prior Year Findings	Financial Statement Finding	Federal Award Finding	State Auditor Finding	Material Weakness	Significant Deficiency	Compliance
Prior Year Findings								
06-01	- Due Date Of Audit Report And Data Collection Form	Repeated/ Modified	Yes	Yes	Yes	No	Yes	Yes
07-01	- Missing Disbursement Documentation	Repeated/ Modified	Yes	No	No	No	Yes	No
08-01	- Cash Disbursements--Lack Of Segregation Of Duties/ Internal Controls Weaknesses	Repeated/ Modified	Yes	No	No	Yes	No	No
08-02	- Cash Receipts—Lack Of Segregation Of Duties/Internal Controls Weaknesses	Repeated/ Modified	Yes	No	No	Yes	No	No
08-03	- Payroll Function--Lack Of Segregation Of Duties/Internal Controls Weaknesses	Repeated/ Modified	Yes	No	No	Yes	No	No
08-04	- Controls Over Maintaining The General Ledger And Audit Report	Repeated/ Modified	Yes	No	No	Yes	No	No
08-05	- Certification Of Capital Assets Annual Inventory	Repeated/ Modified	Yes	No	Yes	No	No	Yes
08-06	**- Computer Passwords**	**Resolved**						
08-07	**- Federal And State Grants**	**Resolved**						
08-08	- Debit Card	Repeated/ Modified	Yes	No	No	Yes	No	Yes
08-09	**Payroll Approval Rates, I-9s Not Documented**	**Resolved**						
08-10	Approved Journal Entries	Repeated/ Modified	Yes	No	No	No	Yes	No
08-11	Recording of Revenue	Repeated/ Modified	Yes	Yes	No	No	Yes	Yes

Reference FY-Finding #	Findings	Status of Prior Year Findings	Financial Statement Finding	Federal Award Finding	State Auditor Finding	Material Weakness	Significant Deficiency	Compliance
Current Year Findings								
10-01	Unauthorized Salary Increases	Current	Yes	No	No	No	Yes	No
10-02	Business Purpose For Expenditures	Current	Yes	No	No	Yes	No	No
10-03	Missing Laptop	Current	Yes	No	No	No	Yes	No
10-04	Travel/Per Diem Testing	Current	Yes	No	No	Yes	No	No
10-05	Per Diem Policy	Current	Yes	No	No	Yes	No	No
10-06	Missing Appropriate Signatures On Disbursements	Current	Yes	No	No	Yes	No	No
10-07	Cell Phone Policy	Current	Yes	No	No	No	No	No

NORTH CENTRAL REGIONAL TRANSIT DISTRICT
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2010

06-01 – LATE AUDIT REPORT/DATA COLLECTION FORM – MODIFIED/REPEATED – SIGNIFICANT DEFICIENCY

Statement of Condition
The annual financial and compliance audit for the year ending June 30, 2010 was not conducted within the time limit imposed by the State of New Mexico guidelines or requirement for the State Auditor Rule for "Conducting of Audits". The audit was mailed to the Office of the State Auditor on September 26, 2011. The Data Collection Form required to be filed with the Federal Clearing House was not submitted within nine months after the end of the fiscal year as required by OMB Circular A-133.320.

Criteria
The requirements set forth in the New Mexico State Auditors' Rule 2 NMAC 2.2 require that the financial and compliance audit be conducted and completed within five months of NCRTD's fiscal year end which was December 1, 2010. The Data Collection Form is required to be filed within nine months after the end of the fiscal year in accordance with OMB Circular A-133.320.

All Federal Programs affected– Please see Schedule of Federal Expenditures per Table of Contents.

Effect
The financial and compliance audit is a state requirement. Not having a completed audit by the stipulated date may jeopardize NCRTD's eligibility for funding from the State Legislature and Federal agencies.

Cause
NCRTD's audit for the previous year ended June 30, 2009 was not completed until early 2011. The June 30, 2010 audit could not be commenced until the 2009 audit had been completed and released by the Office of the State Auditor.

Recommendation
It is recommended that NCRTD comply with state and federal reporting requirements as they relate to the timing of audits.

Management Response
The FY07 audit was delayed by the NCRTD's then fiscal agent (City of Santa Fe). Without having an FY07 audit NCRTD could not start the FY08 audit which was late, basically starting from FY07 being late the remaining audits were late (domino effect). During FY09 there was also not enough financial staff to run the day to day operations and focus on an audit as well. The NCRTD no longer uses a fiscal agent and we have hired additional staff to assist with all the financial duties. The FY09 audit was submitted and approved by Office of the State Auditor on February 23, 2011. The FY10 audited was then scheduled to start in July 2011. We will begin the FY11 audit in October of 2011 to meet the December 1, 2011 deadline.

07-01 – MISSING DISBURSEMENT DOCUMENTATION – MODIFIED/REPEATED – SIGNIFICANT DEFICIENCY

Statement of Condition
We selected a random sample of 70 transactions in order to test disbursements. After voided checks were eliminated, the sample was left with 65 disbursements. We also selected 8 transactions in order to test significant disbursements. We found the following:

A. On 13 disbursements out of 37*, purchase orders were not found.

B. On 12 disbursements out of 37*, no check requests were found for the disbursements.
C. 3 purchase orders were not signed on either the "requested by" or the "approved by" lines.

*Note above: It was known that 28 of them did not require purchase orders or check requests as they were paychecks and other monthly utility bills. As a result the above 37 total is the total amount of purchases that require purchase orders and check requests.

Criteria
The NCRTD accounting policies and the State of New Mexico polices and Procurement Code requires sufficient supporting documentation.

Effect
The NCRTD is out of compliance with the Procurement code and Internal Controls are weak in this area. Because of these weaknesses, the auditor has determined these issues constitute a significant deficiency in the NCRTD internal controls.

Cause
The policies and procedures established by the NCRTD and the State of New Mexico Procurement code are not always being followed and the requirements have not been monitored. Since there was a significant lack of proper documentation it is also reasonable to conclude that these controls are not being monitored and enforced by the appropriate staff.

Recommendation
The NCRTD should make improvements to the process by which it implements its procurement process and the State Procurement process as can be noted by the exceptions in the statement of condition above. Make sure that all purchases have PO's and check requests. Finally ensure that PO's are signed by the appropriate individual on both the "requested by" and "approved by" lines.

Management Response
In FY10 the NCRTD was still utilizing Quickbooks for their finances. Quickbooks was not the accounting software that should have been utilized and the Purchase Order feature was not utilized in Quickbooks. In October of FY10 there was a software conversion to MIP and with training and staffing issues PO's were in the initial phase of being created.

This finding will go away in FY11 as the NCRTD utilized PO's for almost every purchase. There are a few exceptions such as liability payments and payments to Rio Metro/Los Alamos/City of Santa Fe as well as liability payments and other similar activities. The NCRTD does not feel that these few exceptions should have a Purchase Order as we are paying liabilities and not "purchasing" anything.

Also as a cost savings measure we do not attach a copy of the Purchase Order to every payment packet. As part of our procedures, a purchase request is submitted to Finance, a Purchase Order is created from the purchase request and then the PO is filed in a binder by PO number. Most of our PO's are encumbering documents and may be used to pay several invoices. As we are trying to save paper we verify a PO was issued prior to the payment. So again not all our payment packages will have PO. We will provide the auditors the PO binder during the audit so it can be part of their test work.

The NCRTD finance staff will continue to train and work with other staff to ensure that all staff members are aware of the State Procurement rules and processes. The NCRTD financial staff will make sure that internal procedures and policies are adhered to as well. This may mean that the NCRTD's policies and procedures need to be updated and approved so that the NCRTD is in line with State Procurement policies.

NORTH CENTRAL REGIONAL TRANSIT DISTRICT
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2010

08-01 – CASH DISBURSEMENTS—LACK OF SEGREGATION OF DUTIES /INTERNAL CONTROLS WEAKNESSES – MODIFIED/REPEATED – MATERIAL WEAKNESS

Statement of Condition
During our interviews about the organization's internal controls and subsequent testing of internal controls of cash disbursements during the year ended June 30, 2010, we determined the following weaknesses were present throughout the year under audit:

The Finance Manager (FM) does the following or has the opportunity to:

1. Prepare checks in the accounting software
2. Access the check stock
3. Print out the checks
4. Reconciles the bank accounts
5. No one reviews the monthly bank reconciliations
6. Is the first person to review the detail in the bank statement received in the mail

In mid-FY10, the entity began making changes to its organizational structure to allow for better segregation of duties. Additional personnel have been hired and duties have been divided to allow for better segregation. Due to the timeliness of the audit, however the finding was repeated. This finding will most likely be resolved as of FY11.

Criteria
Professional auditing standards as illustrated in Statement on Auditing Standard (SAS) 115 and its Exhibit B require strong internal controls and these deficiencies and weaknesses are required to be disclosed to management and the governing board.

Improving internal controls reduces the opportunity for mistakes or errors to take place or to be identified and corrected in a timely manner and for reducing the opportunity for fraud to take place.

Effect
Because one person has control over all of the areas cited in the "Statement of Condition" above, the opportunity is significantly high to misappropriate funds and/or make errors through cash disbursements that may go undetected because of the weak control activities associated with lack of safeguarding of cash and the lack of monitoring of the bank account.

Cause
Due to the untimeliness of the NCRTD's audits, limited changes were able to be implemented prior to the year ended June 30, 2010. An example includes hiring a Financial Analyst which allowed for there to be more segregation in the duties of certain employees.

Recommendation
We recommend that NCRTD continue to separate duties to the extent possible.

Segregate the duties as follows:

1. Prepares checks in the accounting software—should be done by the FM.
2. Has access to the check stock—primary access and custodian should be FM.
3. Prints out the checks— should be done by the FM.
4. Reconciles the bank accounts—should be done by the Financial Analyst (FA)

5. No one reviews the monthly bank reconciliations— should be done by the Executive Director (ED). Based on a summary prepared by the financial analyst.
6. Is the first person to review the detail in the bank statement received in the mail—should be done by the Financial Specialist.

Management Response
The NCRTD hired a Financial Analyst (there is currently no Accounting Assistant) for the last part of FY09 and this position has been tasked so far with FY08 audit work and a major portion of the new software implementation (Oct. 2009). It has always been the plan to integrate this person into the general segregation of duties required for proper internal controls as soon as the pressing, time-sensitive projects are well under way. The NCRTD is following the recommendations of the auditor and we have segregated the duties as much as we can with the financial staff. After the bank statement is reconciled it is being given to the Executive Director for final review. This finding has been resolved as far as the NCRTD knows.

We have segregated duties as much as we can with a couple of exceptions. The auditors wanted our Executive Assistant to review the bank statement and this is not feasible with her job duties so our Financial Specialist reviews the bank statement. The Financial Analyst and the Financial Specialist reconcile the bank statements by alternating months. This should also ensure that another set of eyes it watching this account.

08-02 – CASH RECEIPTS—LACK OF SEGREGATION OF DUTIES/INTERNAL CONTROLS WEAKNESSES – MODIFIED/REPEATED – MATERIAL WEAKNESS

Statement of Condition
During our interviews about the organization's internal controls and subsequent testing of internal controls of cash receipts during the year ended June 30, 2010, we determined the following weaknesses were present throughout the year under audit:

The Finance Manager (FM) does the following or has the opportunity to:

1. Creates and records the receivable in the accounting software.
2. Receives the checks that come in the mail and has complete access and can edit the check log that the Financial Specialist creates.
3. Stamps the back of the checks "For Deposit Only", limiting the deposit to the NCRTD bank accounts.
4. Posts the cash receipts against the receivables previously created or as revenue.
5. Has the ability to adjust and/or write-off receivables balances without any authorization.
6. Is the only one who investigates revenue/receivable discrepancies.
7. Prepares the deposits.
8. Makes the majority of the deposits to the bank.

In mid-FY10, the entity began making changes to its organizational structure to allow for better segregation of duties. Additional personnel have been hired and duties have been divided to allow for better segregation. Due to the timeliness of the audit, however the finding was repeated. This finding will most likely be resolved as of FY11.

Criteria
Professional auditing standards as illustrated in Statement on Auditing Standard (SAS) 115 and its Exhibit B require strong internal controls and these deficiencies and weaknesses are required to be disclosed to management and the governing board.

Improving internal controls reduces the opportunity for mistakes or errors to take place or to be identified and corrected in a timely manner or for reducing the opportunity for fraud to take place.

Effect
Because one person has control over all of the areas cited in the "Statement of Condition" above, the opportunity is significantly high to misappropriate funds and/or make errors through cash receipts that may go undetected because of the weak control activities associated with lack of safeguarding of cash receipts and the lack of monitoring of the bank account.

Cause
Due to the untimeliness of the NCRTD's audits, limited changes were able to be implemented prior to the year ended June 30, 2010. An example includes hiring a Financial Analyst which allowed for there to be more segregation in the duties of certain employees.

Recommendation
Based on the limited staff available during the fieldwork for the audit that primarily took place in August of 2009, we recommend the following:

Segregate the duties as follows:

1. Creates and records the receivable in the accounting software—should be done by the FM.
2. Receives the checks the come in the mail and has complete access and can edit the check log that the Financial Specialist creates- should not be available to FM except on hard copy additional control activities should be added as noted below.
3. Stamps the back of the checks "For Deposit Only", limiting the deposit to NCRTD bank accounts—should be done by the Financial Specialist.
4. Posts the cash receipts against the receivables previously created or as revenue—should be done by the FA.
5. Has the ability to adjust and/or write-off receivables balances without any authorization.—should be done by the FM as authorized in writing by the Board. Is the only one who investigates revenue/receivable discrepancies—should be done by the FM.
6. Prepares the deposits—should be done by the Financial Specialist.
7. Makes the majority of the deposits to the bank—should be done by the FA.

Control activities should be implemented as follows:

Item 1, related to this item, a receivable aging report should be reviewed by the Executive Director in order to have another level of oversight.

Item 2, because the FM creates the receivables, the FM should not have any access to incoming currency, checks or any other type of cash. The FM should only receive copies of the checks.

Item 3 The incoming checks should be stamped "Deposit Only" for the appropriate NCRTD bank account as soon as possible by the Financial Specialist.

Item 4 the Financial Analyst should input the cash receipts into the accounting system against the proper receivable balance or general ledger account.

Item 5, A write-off and allowance for doubtful accounts policy should be approved and implemented by the Executive Director, with periodic oversight by the Board.

Management Response
The NCRTD has implemented the recommendations made by the auditor in FY10 and NCRTD will continue to adjust and tighten controls by updating and reviewing our policies and procedures each year. We have started to segregate duties as the new staff members have come on board and been trained. On September 8, 2009 the Executive Assistant created a check log and this log is updated by our now Financial Specialist when checks are received. We feel that this procedure will resolve the finding.

08-03 – PAYROLL FUNCTION—LACK OF SEGREGATION OF DUTIES/INTERNAL CONTROLS WEAKNESSES – MODIFIED/REPEATED – MATERIAL WEAKNESS

Statement of Condition
During our interviews about the organization's internal controls and subsequent testing of internal controls of payroll during the year ended June 30, 2010, we determined the following weaknesses were present throughout the year under audit:

The Finance Manager sets up and disburses payroll direct deposits checks without anyone else's authorization.

In mid-2011, the entity began making changes to its organizational structure to allow for better segregation of duties. Additional personnel have been hired and duties have been divided to allow for better segregation. Due to the timeliness of the audit, however the finding was repeated. This finding will most likely be resolved as of FY11.

Criteria
Professional auditing standards as illustrated in Statement on Auditing Standard (SAS) 115 and its Exhibit B require strong internal controls and these deficiencies and weaknesses are required to be disclosed to management and the governing board.

Improving internal controls reduces the opportunity for mistakes or errors to take place or to be identified and corrected in a timely manner or for reducing the opportunity for fraud to take place.

Effect
Because one person has control over all of the areas cited in the "Statement of Condition" above, the opportunity is significantly high to misappropriate funds and/or make errors through cash disbursements that may go undetected because of the weak control activities associated with lack of safeguarding of cash and the lack of monitoring of the bank account.

Cause
Due to the untimeliness of the NCRTD's audits, limited changes were able to be implemented prior to the year ended June 30, 2010. An example includes hiring a Financial Analyst which allowed for there to be more segregation in the duties of certain employees.

Recommendation
Authorization for set up of employee direct deposit accounts should be required by the Executive Director. All payroll registers should be signed off by the Executive Director after funds are disbursed to employees and related payroll expenditures in a timely manner

Management Response
The NCRTD in FY10 has established a procedure to ensure that payroll registers and direct deposit accounts are signed off by the Executive Director. After each payroll is processed the Executive Director has to sign off on the payroll/direct deposit register before the data is processed at our bank. On January 1, 2010 a new process was started where the Executive Director signs the check registers and we feel this new procedure will resolve this finding.

08-04 – CONTROLS OVER MAINTAINING THE GENERAL LEDGER AND AUDIT REPORT – MODIFIED/REPEATED – MATERIAL WEAKNESS

Statement of Condition
During our audit we made several adjustments to the NCRTD's books that SAS 115 requires to be reported as a finding. The adjustments consisted of the following:

- Adjust accounts payable for misspost $77,256
- Adjust GRT receivables $1,206,798

Criteria
Some of the key underlying concepts of Statement of Auditing Standards (SAS) 115 are

- The auditor cannot be part of a client's internal control. Becoming part of a client's internal control impairs the auditor's independence.
- What the auditor does is independent of the client's internal control over financial reporting. Therefore, the auditor cannot be a compensating control for the client.
- A system of internal control over the financial reporting does not stop at the general ledger; rather it includes controls over the preparation of the financial statements.

Recording these adjustments is considered a significant process that the client needs to maintain. Also since significant adjustments to the financials were made it calls into question whether the Department staff has the qualifications and training to apply generally accepted accounting principles in recording the entity's financial transactions or preparing its financial statements.

Effect
Because these adjustments were made/identified by the auditor, and not by the NCRTD, it shows an internal control weakness in maintaining the general ledger and would potentially extend to the audit report. This significantly increases the potential for misstated financial statements.

Cause
The NCRTD's personnel and internal control procedures were not effective in identifying and correcting material errors to the general ledger that would have resulted in material misstatement of the financial statements had they not been corrected by the auditor.

Recommendation
We recommend that the NCRTD make adjustments to their general ledger in a timely manner. Asking for technical advice from the auditor or from someone else when these adjustments are needed is not considered a control deficiency as long as the staff of the NCRTD initiates/makes the adjustment and understands how and why the adjustments were made.

Management Response
The NCRTD has hired a Financial Analyst (Jan. 2009) who will be assisting the Financial Manager in reconciling the general ledger and making adjustments in a timely manner. The NCRTD financial staff is working with other staff to come up with a monthly closing schedule so that the general ledger can be reconciled each month and adjustments will be posted in a timely manner.

08-05 – CERTIFICATION OF CAPITAL ASSETS ANNUAL INVENTORY – MODIFIED/ REPEATED – OTHER

Statement of Condition
The NCRTD appears to have conducted an annual physical inventory of its capital assets consisting of those with a historical cost of five thousand dollars or more as of June 30, 2010, but did not certify the physical inventory count by it top governing official as required by State Statute.

Criteria
NMAC 2.20.1.16 Annual Inventory requires that all state agencies, municipalities, counties and every political subdivision of the state must conduct an annual physical audit of its fixed (capital) assets with a historical cost of $5,000 or more. Also, the results of the physical inventory shall be recorded in a written inventory report, certified as to the correctness and signed by Executive Director of the agency.

Effect
The inventory and monitoring of capital assets must be maintained otherwise capital assets may go missing by theft or misplacement.

Cause
The NCRTD did not have sufficient staff to adequately perform this function.

Recommendation
We recommend that the NCRTD's physical inventory of capital assets contain a certification that the inventory is correct and that it be signed by the Executive Director of the NCRTD.

We also recommend, although it is not required by state statute, that items under $5,000 to an amount of approximately $500 be inventoried and certified along the same lines as what NMAC 2.20.1.16 requires to ensure the safeguarding of important capital assets such as computers, cameras and other valuable assets.

Management Response
The NCRTD will establish a procedure to address this concern. The NCRTD finance staff has recently (Feb. 2011) been trained on the "fixed asset" module to the MIP accounting system. The staff is in the process of gathering data and reconciling both fixed assets and inventory items. The NCRTD finance staff will work with other staff to get the fixed asset and non-depreciable inventory reconciled and will establish a procedure for its certification each year.

08-08– DEBIT CARD – MODIFIED/REPEATED – MATERIAL WEAKNESS

Statement of Condition
During the audit, we initially reviewed six random months of debit card transactions. This initial review showed several areas of concern regarding the debit card and how it was used to make purchases. Procedures were extended to the remaining six months of the year ended June 30, 2010 to provide additional assurance.

As a result of the testing, we determined the following weaknesses:

A. There is one card that is held primarily by the Executive Director. The card has access to the NCRTD main checking account which as of June 30, 2010 had a balance of $3,690,970.55.
B. The card is used to make purchases and has been set at the limit of $1,000 per day. The limit can be changed by the Finance Manager and the Executive Director.
C. No approval process or outside procurement code.
D. There appeared to be little or no oversight exercised to ensure all purchases were supported by a valid business purpose – See finding 10-05
E. There was no clear method for Finance personnel to question purchases made by the Executive Director, as that individual was given broad authority to make purchases as deemed necessary.
F. Meal receipts were not detailed enough to determine the actual items purchased. During testing, 38 out of 43 receipts for meals were summary receipts, which did not include the breakdown of the order.
G. It appeared that there was one instance of the card being used to pay for a parking violation.

Discussion with the Finance Manager revealed that in early 2011, the debit card was destroyed and is no longer in use. The NCRTD has subsequently begun using the P-Card system for its debit/credit card purchases.

Criteria
Professional auditing standards as illustrated in Statement on Auditing Standard (SAS) 115 and its Exhibit B require strong internal controls and these deficiencies and weaknesses are required to be disclosed to management and the governing board.

The debit card has weak controls that do not appear to meet the strong internal controls required by the Professional Standards.

Effect
The card potentially has access to the entire balance on hand for the organization's main checking account, and there is opportunity for abuse with the card as controls over purchases do not exist prior to making purchases.

Cause
The organization has a debit card linked to the main checking account.

Recommendation
We recommend that the debit card be removed and a P-Card process be used. The credit card should have a limit of $5,000 or some other amount that is reasonable. The P-Card statement should be reconciled to the general ledger and signed and dated by the reconciler and then reviewed by a responsible official who will sign and date it.

Management's Response
The NCRTD has established the P-Card process and we have a policy approved by Bank of America. Our policy does not quite follow the auditors recommendations but it is what Bank of America specified. The NCRTD will utilize this P-Card for purchases instead of the debit card. The NCRTD has 4 P-Cards in place; 2 with a $5,000 limit and 2 with a $2,000 limit. These cards are used only when a vendor will not accept a PO from the NCRTD or for emergency purchases. The staff that the cards are issued to

have to follow procurement procedures and approval processes prior to using the cards. The P-Card cannot be used like a debit card, no cash can be withdrawn, no meals can be purchased, etc.

08-10 – JOURNAL ENTRIES – MODIFIED/REPEATED – SIGNIFICANT DEFICIENCY

Statement of Condition
During the audit it was observed that there were numerous journal entries posted throughout the accounts. It appeared that several entries were posted then reversed then reposted again. While much of this is likely the result of the transition from QuickBooks to MIP, there appeared to be a looseness in posting journal entries without fully determining their validity.

Criteria
Good internal controls require that journal entries be approved by a responsible individual not involved in the journal entry preparation or posting, as they can significantly affect the financial statements.

When deciding to make a journal entry, the full impact of the entry should be examined to ensure that the entry is valid and necessary. Superfluous entries should be kept to a minimum as they create "clutter" in the overall general ledger and inhibit the ability to trace items through the general ledger.

Effect
A large number of journal entries have been posted to several accounts which affect the financials significantly and it is not evident that journal entries were fully considered prior to being posted to the general ledger.

Cause
Journal entries were made without completely determining their validity.

Recommendation
Controls over journal entries should be established as soon as possible. The person creating the journal entry should initial and date the entry and a responsible official should initial and date the approval of the entry and these records supporting the reason for the journal entry should be maintained.

Management's Response
The large number of journal entries the auditors refer to above are due to the conversion from Quickbooks to MIP. The NCRTD staff had to create journal entries to start the MIP balances for all accounts. The NCRTD only utilizes Journal Entries if it is the proper method for the correction or posting. If Finance Staff creates the journal then the Financial Manager approves the journal entry but if the Financial Manager creates the journal entry then the Executive Director or designee approves the entry. The NCRTD also has a journal entry approval form that gives details of the journal and why it is required.

08-11 – RECORDING OF REVENUE – MODIFIED/REPEATED – SIGNIFICANT DEFICIENCY

Statement of Condition
During our reconciliation of the expenditures of federal awards, it was brought to our attention that amounts recorded as receivables in prior years had been received in those years and posted to revenue instead of reducing the respective receivables. One entry for $4,683.28 related to a receivable in April 2009 that was subsequently received in that fiscal year. The other entry for $44,713.39 was related to unbilled federal receivables that were recorded in 2008. These amounts were subsequently received;

however the receivable was not decreased. As a result of this, a prior period adjustment in the amount of $49,396.67 was necessary to correct the receivable balance.

This indicates a weakness in how revenues and receivables are recorded that could potentially impact the amount of federal revenue reported.

Criteria
Revenue for reimbursable grants must match expenditures, otherwise, the recording of the revenue and expenditure activity is not accurate. When payments are received related to receivables, the receivable should be reduced instead of being recorded as an increase to revenue.

All Federal Programs affected– Please see Schedule of Federal Expenditures per Table of Contents.

Effect
Recorded revenue and receivables could potentially be materially overstated.

Cause
Cash receipts were posted incorrectly.

Recommendation
Grant revenues should be properly recorded and reconciled to their associated expenditures by grant. Funding sources should be adequately isolated in the accounting system to help promote tracking and accountability of the separate grants. Receivables associated with federal awards should be included in the reconciliation process to ensure amounts received are properly credited to receivable instead of being recorded as additional revenue.

Management's Response
The NCRTD in FY09 only had one financial manager and the NCRTD hired the financial analyst in January 2009. The accounting software was Quickbooks, the NCRTD only had one license so use of the software was simultaneous restricted.

In FY10 the finance staff had a total of 2 FTE and new software has been purchased and implemented. This increase in staff and new software has allowed for better audit trail controls over General Ledger transactions as well as the NCRTD establishing tighter policies and procedures over finance. The NCRTD Financial staff posts receivables as soon as the "invoices/draws" are requested from the appropriate agencies. As soon as the "cash" is received it is posted towards the correct receivable.

NORTH CENTRAL REGIONAL TRANSIT DISTRICT
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2010

CURRENT YEAR FINDINGS

10-01 – UNAUTHORIZED SALARY INCREASES – SIGNIFICANT DEFICIENCY

Statement of Condition
It appears that four individuals were given salary increases off-schedule from their annual reviews. The increases were supported only by a memo from the then Executive Director indicating the increases were at the behest of the then chairman of the Board of Directors, as a result of the success of the NCRTD's transit GRT efforts. There was no direct indication of Board approval on the memo itself, nor was any noted in the minutes.

Criteria
NCRTD policy indicated salary increases are to be granted annually after the employee's performance review, or in the instance of retaining an employee after they've received another offer of employment from another entity. Salary increases are considered on an annual basis depending upon availability of funds as determined by the Board of Directors.

Effect
Employees received off-cycle salary increases outside of their normal annual evaluaitons.

Cause
Management, supposedly, was verbally directed by the chair of the Board to give the increases.

Recommendation
We recommend that the NCRTD revisit their personnel policies to identify explicitly when salary increases can be offered to employees and what required documentation must be included with the increase. In the event of increases originating from the Board of Directors level, it is recommended that the authorization for the increases be documented in the minutes to the Board of Directors meetings or by specific signed documentation from the Board.

Management Response
Existing personnel policies are very clear that salary increases can only be provided as indicated by Policy 3.12 and as authorized by the Board of Directors and all Personnel Polices will be adhered to. Any deviations requested must be approved by the Board of Directors in those instances where the policy requires such.

10-02 – BUSINESS PURPOSE FOR EXPENDITURES – MATERIAL WEAKNESS

Statement of Condition
It was observed during disbursement testing that the business purpose for certain transactions was lacking. It appears that a Dell mini-computer was purchased in May 2010 by the then Executive Director on the NCRTD debit card. There was no purpose identified for the why the computer was needed.

There were also instances of what appeared to be the payment of personal travel expenses on the NCRTD debit card. A charge in January 2010 was made by the then Executive Director while at a convention in Florida. It appeared that half of the charge was billed to the debit card while the other half was charged on a personal credit card and submitted for reimbursement. No business purpose was listed for the amount charged to the debit card.

There was also a charge for a rental car in August 2009 for a trip to Las Cruces for a meeting by the then Executive Director. It was alleged that the ED did not take a company car because she wanted to take her family with her, so she rented a car instead. It was noted that there was also a charge that would have occurred on that same trip at an Alamogordo Holiday Inn with the description of Vacation appearing on the receipt.

Criteria
Local public bodies have a fiduciary responsibility to administer the public funds in a manner consistent with the goals and missions of their charters and in such a way as to protect the public trust.

Effect
The NCRTD is at risk for losses due to making purchases with a lack of a clear business purpose.

Cause
There was limited oversight of purchases initiated by the then Executive Director.

Recommendation
We recommend that business purposes be clearly indicated for all purchases. All expenditures should go through a thorough review process to identify any questionable transactions.

We recommend a specific policy be implemented to address the requirement that expenditures can only be spent for documented business purposes.

Management Response
The NCRTD is in the process of updating the Travel Policy and the Procurement Policies. These new updated polices will address all these issues. We have also instituted in FY11 a Travel Request for that must be approved prior to any travel. We are also in the process of updating our Travel Reimbursement forms. All of these changes will address this finding.

10-03 – MISSING LAPTOP – SIGNIFICANT DEFICIENCY

Statement of Condition
While conducting our fraud risk assessment it was brought to our attention that a laptop computer at the agency was missing. While this was outside of the year under audit, we extended procedures to look into the issue further.

Review of documentation showed that in May 2009 a Vostro 1510 computer was purchased for the NCRTD's use. This was reportedly the then-Executive Director's laptop. In late April 2011, a replacement battery was ordered by the then-Executive Director for the laptop shortly before her retirement. When the battery came in (after the Director retired), the Finance Department questioned the purchase because the battery was not for one of their more common laptops. A subsequent search for the laptop by the NCRTD's personnel was not able to locate it. Follow-up by NCRTD personnel with the then-Executive Director, revealed that the former Executive Director was not aware of the computer's whereabouts even though she had ordered the battery for the unit. As of the date of fieldwork in August 2011, the laptop was still missing.

Criteria
It is encouraged that entities maintain a listing off all assets that are considered highly susceptible for loss and that the list is routinely reviewed to ensure all listed assets are still accounted for. Controls should be in place to ensure adequate security is provided to prevent/deter theft or misuse of company assets.

Effect
The NCRTD is at risk for losses related to its laptop computers and other highly mobile assets.

Cause
The NCRTD did not have an effective method for tracking its assets that are highly susceptible to loss/theft.

Recommendation
We recommend a tracking system be implemented for all assets considered highly susceptible for loss due to theft. The system should include the identification of the person/persons to whom the assets is issued to and provide for clear steps to be taken in the event of missing/lost assets.

If the missing computer cannot be located, it is recommended that the NCRTD file a police report to document the loss.

Management Response
The NCRTD has in FY11 established an inventory system. We are utilizing the MIP Accounting Software to track our non-depreciable assets as well as all depreciation assets. All inventory will be tagged and inventoried each fiscal year by June 30.

10-04 – TRAVEL/PER DIEM TESTING – MATERIAL WEAKNESS

Statement of Condition
We selected a random sample of 15 travel expenses. Due to exceptions identified during the initial testwork, procedures related to travel were extended, which led to testing 22 additional transactions. We found the following from the 37 travel expenses:

A) On 1 of the travel reimbursements, a purchase of alcohol totaling $3.25 appeared to be reimbursed.
B) 10 of the disbursements did not have supporting documentation, which included lack of mileage reimbursement charts, reasons for travel, and amounts of meals/incidentals that were being reimbursed for without supporting receipts.
C) 3 of the disbursements were over the $40/day threshold for meals.

It was observed that the forms used for travel reimbursements were the same as for any other employee expense reimbursement. The forms did not appear to be adequate for identifying all travel related expenses in such a way as to allow for efficient/effective oversight and review of the expenses.

Criteria
NCRTD's accounting policies and the State of New Mexico polices require sufficient supporting documentation for purchases. There is a strict policy of not reimbursing travelers for the purchase of alcohol. NCRTD has its own travel policies, which states that $40/day on meals.

Effect
NCRTD is out of compliance with its own and the State's travel/per diem policies.

Cause
There did not appear to be an effective oversight process for ensuring existing travel-related policies and procedures were followed.

Recommendation
NCRTD should make improvements to the process by which it implements its procurement process and the State Procurement process as can be noted by the exceptions in the statement of condition above. Prepare a more detailed travel expense reimbursement form and make no exceptions regarding receipts and other supporting documentation for traveling.

Management Response
The purchase of Alcohol was missed by NCRTD staff when reviewing the receipt. It was a trip that then Chairman Herrera took to Orlando, Florida. The NCRTD is reviewing and updating the Travel Policy and it is clearly stated in the new policy that staff must provide clear, itemized receipts from meals. Our updated Travel Policy will address all these issues.

10-05 – PER DIEM POLICY – MATERIAL WEAKNESS

Statement of Condition
Per Diem rates were not consistently applied. It appears that employees were using a variety of per diem rates when submitting for travel reimbursement. These ranged from federal travel rates, DFA rates, and other unknown rates. It gave the appearance that the most personally advantageous per diem rates were chosen.

Criteria
Ensure proper internal controls and use of government funding.

Effect
Since there is no policy regarding per diem, employees are able to claim which ever rate is most beneficial. This has also resulted in a lack of supervision of the claims and without the need for supporting documentation. As a result, NCRTD is paying employees rates and amounts that do not correspond to actual traveling costs.

Cause
Employees took advantage of the lack of a policy and requested per diem rates that were not in line with actual costs. This was done by senior employees and management and was allowed to continue by the Executive Director, as a result the practice continued.

Recommendation
NCRTD should review its per diem policy to clarify the accepted per diem rates for given situations and implement process to ensure the policy is strictly adhered to.

Management Response
The NCRTD is in the process of updating the Travel Policy and the Procurement Policies. These new updated polices will address all these issues. The NCRTD's travel policy will have very clear guidelines regarding reimbursement of travel expenses.

We have also instituted in FY11 a Travel Request for that must be approved prior to any travel. We are also in the process of updating our Travel Reimbursement forms. All of these changes will address this finding.

10-06 – MISSING APPROPRIATE SIGNATURES ON DISBURSEMENTS – MATERIAL WEAKNESS

Statement of Condition
We selected 8 significant disbursements and found that 2 (11884 and 12096) were not signed by two people. Through extended procedures we found 1 more check over $20,000 (11585) that was not signed by 2 people. During the extended procedures 2 checks (11117 and 11271) were found to have not been signed at all but were processed through the bank. Review of the checks did not seem to indicate the presence of any wrong-doing.

Criteria
NCRTD's accounting policies required that all checks over $20,000 be signed by 2 people. This statement is also included on all checks in their check stock.

Effect
NCRTD is not in compliance with its' own internal controls and as a result pose a risk of material misstatements.

Cause
There is a break down in the internal controls and the checks are not being properly reviewed. This could cause an unwanted check to be written and then disbursed, without passing through the necessary controls, which would have been able to prevent the unwanted check.

Recommendation
NCRTD should be more careful when reviewing checks for more than $20,000 and making sure 2 people sign the check.

Management Response
NCRTD in FY10 issued 1,133 checks for the fiscal year. This does not include voided checks or direct deposit advices. So 5 out of 1,133 checks had errors.

In FY10 NCRTD had 38 payments that were over $20,000 which required the two signatures. So out of 38 payments 3 were not signed by two signatures which is 7.89% error factor for these types of payments.

The NCRTD finance staff is small, the Financial Manager prints the checks and attaches the back up for either the Executive Director or Chair of the Board to sign. If a check requires 2 signatures then a bright post-it note is attached. Once the checks are signed they are given to the Financial Specialist who when records the check information on the payment voucher, she verifies there is a signature. If there is not a signature or if it requires two signatures, it is returned to the Financial Manager for safe-keeping until a signature authority is able to sign.

The NCRTD Staff verifies and looks at each check as it is being prepared to be mailed out.

10-07 – CELL PHONE POLICY – OTHER

Statement of Condition
It was observed that during the year ended June 30, 2010, NCRTD's cell phone policy was not adhered to by all employees. The policy places a cap of $135/month for cell phones.

During testing it was noted that the then-Executive Director was paying for 100% her company cell phone via the NCTRD's debit card. The payments averaged $188/month, which exceeds the maximum allowed by the policy. Two other employee received reimbursement in excess of the $135 per month limit. These overages were determined to be due to the employees requiring an aircard in addition to their cell phone.

It was also observed that there were charges on the NCRTD debit card to the organization's cell phone provider that were not for the Executive Director's monthly cell phone bill account. Specifically, on September 14, 2009, a $150.00 payment was made to an account number different than the Executive Director's account. This was later determined to be related to another employee's phone and appeared to be for the purchase of a new phone. Additionally on September 15, 2009, there were payments of $150.00 and $188.38 that were charged to the debit card, but there was no supporting documentation regarding these charges. More detailed specifics of the charges could not be identified.

Further review of the policy itself showed that it does not indicate how personal usage of the phones is to be treated. In some cases employees were reimbursed for 100% of their phone (even when following the existing policy), while in others this was significantly less. It largely depended on the type of phone and the plan the individual had. It did not appear that consideration was given to how the phones were used as long as they were within the monthly cost limits provided for in the policy.

Criteria
Per the NCRTD Cell Phone Policy:

> "The NCRTD will reimburse a maximum of $135.00 per month for eligible employees. The allowance of $135.00 is sufficient to provide a basic plan for minutes, data, insurance, broadband and text messaging."

Effect
The NCRTD is not in compliance with its cell phone policy. Employees are potentially receiving reimbursement in excess of allowable limits. There is a potential for employees to be reimbursed for non-business related charges on their phone.

Cause
There was inadequate oversight of the cell phone policy. The existing policy was deemed adequate for the needs of the organization.

Recommendation
It is recommended that the NCRTD implement procedures to ensure the existing cell phone policy is adhered to by all employees. In the event NCRTD needs to pay for or reimburse an employee for amounts greater than the policy indicates, the reasoning/support for such payments should be clearly documented.

It is also recommended that the NCRTD revisit their cell phone policy to determine an appropriate way to account for personal usage of company provided phones

Management Response
The NCRTD did have a cell policy in FY10 and as the auditor's stated above in their criteria it was to reimburse up to $135.00 a month. For the most part employees did observe this policy but since new staff have been hired the NCRTD has been looking at all policies and procedures, the new staff has re-worked the cell phone policy where staff now has 2 choices: (1) they get their own personal cell phone and the district purchased phone it to be used for district business only, (2) they can choose to get their

own phone with a district reimbursement for district business of up to $55.00 a month. We feel that this new policy is tighter and will allow us to resolve this finding.

NORTH CENTRAL REGIONAL TRANSIT DISTRICT
Other Disclosures
For the Year Ended June 30, 2010

An exit conference was held in a closed session on September 19, 2011, at NCRTD's offices in Santa Fe, New Mexico. In attendance were the following:

Representing NCRTD:

Rosemary Romero	Chair
Anthony Mortillaro	Interim Executive Director
Kelly Muniz	Financial Manager

Representing Hinkle & Landers, PC:

Farley Vener, CPA, CFE	Shareholder
Erick Robinson, CPA, CFE	Audit Manager
Katelyn Constantin	Staff Auditor

FINANCIAL STATEMENTS

The financial statements of NCRTD as of June 30, 2010, were substantially prepared by Hinkle & Landers, PC, however, the financial statements are the responsibility of management.

North Central Regional Transit District
Summary Budget Comparison
From 7/1/2010 Through 6/30/2011

Account Type	Account Code	Account Title	Original Budget	Year to Date Actuals	Remaining Budget	Year to Date Budget Variance - 100%
REV	4452000	Federal Grants	2,416,886.00	1,735,090.04	(681,795.96)	71.8%
REV	4452001	Tribal Transit Grants	0.00	71,212.00	71,212.00	0.0%
REV	4545000	Tax Revenues / GRT	4,907,948.00	6,729,903.00	1,821,955.00	137.1%
REV	4545001	Tax Revenue Distribution/ Railrunner	1,774,344.00	1,954,069.79	179,725.79	110.1%
REV	4453001	Cash Balance Local Match Distribution (LA Contribution)	197,500.00	0.00	(197,500.00)	0.0%
REV	4455002	Cash Balance Local Match Distribution (LA Contribution)	204,080.00	660,000.00	455,920.00	323.4%
REV	4455000	Member Local Match	880,000.00	880,000.00	0.00	100.0%
REV	4503000	Interest-Savings, Short-term CD	0.00	2,751.72	2,751.72	0.0%
REV	4642000	Insurance Proceeds	0.00	950.45	950.45	0.0%
REV	4643000	Miscellaneous Revenue	0.00	15,506.76	15,506.76	0.0%
REV	4721000	Fares (Bank of America - Espanola)	0.00	9,868.58	9,868.58	0.0%
Total Revenue			**10,380,758.00**	**12,059,352.34**	**1,678,594.34**	**116.2%**

Account Type	Account Code	Account Title	Original Budget	Year to Date Actuals	Remaining Budget	Year to Date Budget Variance - 100%
ADMINISTRATION						
EXP	6110105	Director	100,000.00	92,988.24	7,011.76	93.0%
EXP	6110110	Managers	55,352.00	78,495.68	(23,143.68)	141.8%
EXP	6110112	Financial Manager	63,955.00	78,680.85	(14,725.85)	123.0%
EXP	6110115	Clerical Support Staff	1,429.00	1,428.80	0.20	100.0%
EXP	6110120	Accounting Staff	37,496.00	91,126.79	(53,630.79)	243.0%
EXP	6110125	Administrative Assistant	123,990.00	121,775.36	2,214.64	98.2%
EXP	6110150	Transportation Coordinator	62,097.00	62,924.80	(827.80)	101.3%
EXP	6110155	Public Works Director	77,235.00	78,247.20	(1,012.20)	101.3%
EXP	6110165	Reserve for Leave Payouts	25,000.00	18,360.25	6,639.75	73.4%
EXP	6110205	FICA	41,952.00	48,611.54	(6,659.54)	115.9%
EXP	6110210	PERA	53,201.00	57,668.36	(4,467.36)	108.4%
EXP	6110215	Health Insurance	69,381.00	87,619.72	(18,238.72)	126.3%
EXP	6110220	Unemployment Insurance	5,000.00	5,609.27	(609.27)	112.2%
EXP	6110225	Workers' Compensation	122,525.00	57,407.22	65,117.78	46.9%
EXP	6110230	Other Fringe Benefits	15,529.00	38,759.53	(23,230.53)	249.6%
EXP	6110235	Miscellaneous Reserve	15,210.00	0.00	15,210.00	0.0%
EXP	6110290	Bank Service Charges	0.00	49.20	(49.20)	0.0%
EXP	6110295	Penalties/Interest	0.00	1,449.50	(1,449.50)	0.0%
EXP	6110315	Postage	540.00	952.87	(412.87)	176.5%
EXP	6110320	Telephone	32,450.00	12,324.40	20,125.60	38.0%
EXP	6110325	Cell Phone	1,460.00	6,277.44	(4,817.44)	430.0%
EXP	6110400	Contractual Services	222,555.00	170,199.73	52,355.27	76.5%
EXP	6110405	Audit	20,000.00	20,669.73	(669.73)	103.3%
EXP	6110410	Advertising	100,000.00	96,204.61	3,795.39	96.2%
EXP	6110415	Advertising-Other	2,320.00	5,158.59	(2,838.59)	222.4%
EXP	6110425	IT Hardware/Software Support	8,377.00	20,808.27	(12,431.27)	248.4%
EXP	6110500	Dues and Subscriptions	6,000.00	5,952.10	47.90	99.2%
EXP	6110605	Equipment Rental	2,400.00	0.00	2,400.00	0.0%
EXP	6110610	Equipment Repair & Maintenance	1,000.00	1,184.51	(184.51)	118.5%
EXP	6110615	Computer Repair & Maintenance	6,000.00	4,694.93	1,305.07	78.2%
EXP	6110705	Property Insurance	9,927.00	9,927.00	0.00	100.0%
EXP	6110710	General and Employee Liability	25,000.00	22,274.65	2,725.35	89.1%
EXP	6110715	Civil Rights	3,500.00	0.00	3,500.00	0.0%
EXP	6110725	Vehicle Insurance	30,000.00	30,000.00	0.00	100.0%
EXP	6110750	Meals and Meeting Expenses	0.00	1,667.45	(1,667.45)	0.0%
EXP	6110805	Office Rent	17,370.00	29,050.00	(11,680.00)	167.2%
EXP	6110810	Utilities	7,500.00	4,537.63	2,962.37	60.5%
EXP	6110815	Janitor	3,425.00	4,781.12	(1,356.12)	139.6%
EXP	6110905	Drug and Alcohol Testing	500.00	0.00	500.00	0.0%
EXP	6111000	Printing	6,000.00	3,132.32	2,867.68	52.2%

North Central Regional Transit District
Summary Budget Comparison
From 7/1/2010 Through 6/30/2011

EXP	6111005	Copying	1,800.00	1,659.05	140.95	92.2%
EXP	6111105	Office Supplies	22,000.00	19,743.87	2,256.13	89.7%
EXP	6111110	Furniture & Equipment under 5K	10,000.00	9,759.57	240.43	97.6%
EXP	6111200	Training	5,000.00	5,021.65	(21.65)	100.4%
EXP	6111300	Travel	21,943.00	21,181.83	761.17	96.5%
EXP	6111305	Mileage	0.00	212.40	(212.40)	0.0%
SUB-TOTAL ADMINISTRATION			**1,436,419.00**	**1,428,578.03**	**7,840.97**	**99.5%**

Account Type	Account Code	Account Title	Original Budget	Year to Date Actuals	Remaining Budget	Year to Date Budget Variance - 100%
OPERATING						
EXP	6200000	Operating Expenses	2,612,775.00	2,423,305.92	189,469.08	92.7%
EXP	6200005	Operating Expense Transfer - Railrunner	1,774,344.00	2,106,566.52	(332,222.52)	118.7%
EXP	6220105	Supervisors	177,147.00	90,466.40	86,680.60	51.1%
EXP	6220110	Drivers	801,559.00	715,376.45	86,182.55	89.2%
EXP	6220115	Driver Overtime	80,900.00	62,055.09	18,844.91	76.7%
EXP	6220120	Dispatcher	32,761.00	33,226.40	(465.40)	101.4%
EXP	6220125	Janitor	7,500.00	0.00	7,500.00	0.0%
EXP	6220135	Mechanic	20,000.00	0.00	20,000.00	0.0%
EXP	6220165	Reserve for Leave Payouts	10,000.00	6,773.39	3,226.61	67.7%
EXP	6220200	Fringe Benefits	371,115.00	362,716.11	8,398.89	97.7%
EXP	6220235	Miscellaneous Reserve	45,967.00	0.00	45,967.00	0.0%
EXP	6110725	Vehicle Insurance		11,371.15	(11,371.15)	0.0%
EXP	6220305	Cell Phone	4,500.00	3,004.51	1,495.49	66.8%
EXP	6220320	Telephone	6,000.00	6,312.76	(312.76)	105.2%
EXP	6220420	Transit Services	81,700.00	0.00	81,700.00	0.0%
EXP	6220605	Building Maintenance	33,100.00	15,966.02	17,133.98	48.2%
EXP	6220610	Maintenance Machinery & Equipment	500.00	131.77	368.23	26.4%
EXP	6220615	Utilities	22,500.00	1,990.67	20,509.33	8.8%
EXP	6220620	Furniture and Equipment	1,000.00	5,767.45	(4,767.45)	576.7%
EXP	6220705	Uniforms	10,000.00	8,370.00	1,630.00	83.7%
EXP	6220805	Shop Supplies	8,000.00	11,096.84	(3,096.84)	138.7%
EXP	6220810	Physicals	301.00	108.28	192.72	36.0%
EXP	6220900	Training	2,500.00	771.78	1,728.22	30.9%
EXP	6221000	Travel	2,500.00	541.89	1,958.11	21.7%
EXP	6221105	Fuel	339,000.00	304,352.50	34,647.50	89.8%
EXP	6221110	Cell Tower Rental Fees	1,700.00	2,100.00	(400.00)	123.5%
EXP	6221115	Oil and Lubricants	20,300.00	17,357.09	2,942.91	85.5%
EXP	6221120	Replacement Parts	24,500.00	45,683.66	(21,183.66)	186.5%
EXP	6221125	Tires	24,000.00	24,826.73	(826.73)	103.4%
EXP	6221130	Vehicle Maintenance - Repair	58,000.00	64,503.32	(6,503.32)	111.2%
EXP	6221135	Painting	14,500.00	3,513.00	10,987.00	24.2%
EXP	6221150	Vehicle Repair	10,000.00	5,657.22	4,342.78	56.6%
SUB-TOTAL OPERATING			**6,598,669.00**	**6,333,912.92**	**264,756.08**	**96.0%**

Account Type	Account Code	Account Title	Original Budget	Year to Date Actuals	Remaining Budget	Year to Date Budget Variance - 100%
CAPITAL						
EXP	6330105	Buildings	1,225,691.00	327,812.03	897,878.97	26.7%
EXP	6330115	Furniture & Fixtures	222,766.00	0.00	222,766.00	0.0%
EXP	6330125	Other Capital Expenses	509,227.00	552,878.20	(43,651.20)	108.6%
EXP	6330135	Passenger Bus	154,512.00	154,512.00	0.00	100.0%
EXP	6330145	15 Passenger Van w/Lift	111,368.00	111,368.00	0.00	100.0%
EXP	6330155	Bus Shelters	111,213.00	52,429.63	58,783.37	47.1%
EXP	6330160	Mobile Radios	10,893.00	10,876.42	16.58	99.8%
SUB-TOTAL CAPITAL			**2,345,670.00**	**1,209,876.28**	**1,135,793.72**	**51.6%**

TOTAL EXPENDITURES	**10,380,758.00**	**8,972,367.23**	**1,408,390.77**	**86.4%**

Begininng Cash Reserve	**$1,471,819.00**	**Ending Cash Reserve**	**$2,701,585.00**

NCRTD Regional Transit Gross Receipts Taxes Collected
Budget versus Actuals for Fiscal Year 2011 through June
Percent of Year - Budgeted 12-Month Collection; 12 of 12 Months 100.00%

Entity	Date Received	Amount Collected	Month of Activity	Budget	% of Budget	Budget Variance
Los Alamos County	9/20/2010	225,788.87	2010-07		135.47%	35.47%
	10/22/2010	146,506.70	2010-08		87.90%	-12.10%
	11/29/2010	435,357.57	2010-09		261.21%	161.21%
	1/6/2011	129,529.04	2010-10		77.72%	-22.28%
	1/24/2011	157,604.49	2010-11		94.56%	-5.44%
	2/25/2011	137,569.96	2010-12		82.54%	-17.46%
	3/21/2011	152,079.06	2011-01		91.25%	-8.75%
	4/27/2011	134,322.49	2011-02		80.59%	-19.41%
	5/20/2011	211,390.64	2011-03		126.83%	26.83%
	6/24/2011	140,630.98	2011-04		84.38%	-15.62%
	7/25/2011	268,641.73	2011-05		161.19%	61.19%
	8/22/2011	145,044.57	2011-06		87.03%	-12.97%
		2,284,466.10		2,000,000.00	114.22%	14.22%
Rio Arriba County	9/30/2010	50,086.91	2010-07		116.61%	16.61%
	10/28/2010	49,678.10	2010-08		115.66%	15.66%
	11/24/2010	51,872.49	2010-09		120.77%	20.77%
	12/30/2010	52,314.60	2010-10		121.79%	21.79%
	2/25/2011	43,618.47	2010-11		101.55%	1.55%
	3/18/2011	59,107.00	2010-12		137.61%	37.61%
	4/27/2011	42,999.43	2011-01		100.11%	0.11%
	4/27/2011	39,667.19	2011-02		92.35%	-7.65%
	6/10/2011	44,967.79	2011-03		104.69%	4.69%
	7/5/2011	41,597.12	2011-04		96.84%	-3.16%
	8/15/2011	46,860.33	2011-05		109.10%	9.10%
	Not Received	56,223.98 (1)	2011-06		130.90%	30.90%
		578,993.41		515,438.00	112.33%	12.33%
Santa Fe County	9/30/2010	326,720.77	2010-07		110.48%	10.48%
	10/21/2010	346,809.74	2010-08		117.27%	17.27%
	11/30/2010	326,854.40	2010-09		110.53%	10.53%
	1/4/2011	312,148.93	2010-10		105.55%	5.55%
	1/21/2011	292,808.42	2010-11		99.01%	-0.99%
	2/22/2011	379,039.30	2010-12		128.17%	28.17%
	3/23/2011	275,294.33	2011-01		93.09%	-6.91%
	4/22/2011	273,127.57	2011-02		92.36%	-7.64%
	5/18/2011	316,895.90	2011-03		107.16%	7.16%
	6/21/2011	300,649.63	2011-04		101.67%	1.67%
	7/21/2011	326,791.38	2011-05		110.51%	10.51%
	8/24/2011	368,657.62	2011-06		124.66%	24.66%
		3,845,797.99		3,548,688.00 (2)	108.37%	8.37%
Taos County	9/23/2010	73,577.79	2010-07		125.19%	25.19%
	10/22/2010	67,483.19	2010-08		114.82%	14.82%
	11/19/2010	67,344.60	2010-09		114.58%	14.58%
	12/29/2010	63,958.60	2010-10		108.82%	8.82%
	1/24/2011	54,168.51	2010-11		92.16%	-7.84%
	2/22/2011	105,304.90	2010-12		179.17%	79.17%
	3/28/2011	44,583.47	2011-01		75.86%	-24.14%
	4/19/2011	56,828.41	2011-02		96.69%	-3.31%
	5/26/2011	60,643.35	2011-03		103.18%	3.18%
	6/22/2011	52,443.52	2011-04		89.23%	-10.77%
	7/22/2011	57,833.45	2011-05		98.40%	-1.60%
	8/18/2011	66,358.51	2011-06		112.90%	12.90%
		770,528.30		705,286.00	109.25%	9.25%
Total Collected through June		7,479,785.80		6,769,412.00	110.49%	10.49%

1) Revenue has not been received. Information was generated from N. M. Tax. & Revenue website.
2) Includes $87,120 projected revenue that is not included in NCRTD's expense budget but is earmarked to be deposited in NCRTD's reserve fund.

NCRTD Regional Transit Gross Receipts Taxes Collected
Budget versus Actuals for Fiscal Year 2012 through July
Percent of Year - Budgeted One Month Collection; One of 12 Months: **8.33%**

Entity	Date Received	Amount Collected		Month of Activity	Budget	% of Budget	Budget Variance
Los Alamos County	9/19/2011	130,017.53		2011-07		70.49%	-29.51%
		130,017.53			2,213,322.00	5.87%	-2.46%
Rio Arriba County	Not Received	55,407.56	(1)	2011-07		116.95%	16.95%
		55,407.56			568,528.00	9.75%	1.41%
Santa Fe County	9/22/2011	341,716.87		2011-07		115.55%	15.55%
		341,716.87			3,548,688.00	9.63%	1.30%
Taos County	9/21/2011	65,693.15		2011-07		105.76%	5.76%
		65,693.15			745,391.00	8.81%	0.48%
Total Collected through July		592,835.11			7,075,929.00	8.38%	0.04%

(1) Revenue has not been received. Information was generated from N. M. Tax. & Revenue website.

North Central Regional Transit District
Summary Budget Comparison
From 7/1/2011 Through 9/30/2011

Account Type	Account Code	Account Title	Original Budget	Year to Date Actuals	Remaining Budget	Year to Date Budget Variance - 25%
REV	4452000	Federal Grants	2,654,582.00	369,067.06	(2,285,514.94)	13.9%
REV	4452001	Tribal Transit Grants	0.00	4,749.00	4,749.00	0.0%
REV	4455000	Member Local Match (LA Contribution)	679,173.00	0.00	(679,173.00)	0.0%
REV	4503000	Interest-Savings, Short-term CD	0.00	481.40	481.40	0.0%
REV	4545000	Tax Revenues / GRT	7,075,929.00	537,427.55	(6,538,501.45)	7.6%
REV	4641000	Advertising Sales	5,000.00	0.00	(5,000.00)	0.0%
REV	4642000	Insurance Proceeds	35,000.00	0.00	(35,000.00)	0.0%
REV	4643000	Miscellaneous Revenue	0.00	7,606.67	7,606.67	0.0%
REV	4649000	Charter Service Revenue	0.00	381.13	381.13	0.0%
REV	4721000	Fares	0.00	667.00	667.00	0.0%
TOTAL REVENUE			10,449,684.00	920,379.81	(9,529,304.19)	8.8%

Account Type	Account Code	Account Title	Original Budget	Year to Date Actuals	Remaining Budget	Year to Date Budget Variance - 25%
ADMINISTRATION						
EXP	6110105	Director	100,000.00	26,250.00	73,750.00	26.3%
EXP	6110110	Managers	65,936.00	17,752.00	48,184.00	26.9%
EXP	6110112	Financial Manager	63,726.00	22,270.78	41,455.22	34.9%
EXP	6110120	Accounting Staff	88,426.00	24,578.40	63,847.60	27.8%
EXP	6110125	Administrative Assistant	92,716.00	25,636.12	67,079.88	27.7%
EXP	6110150	Transportation Coordinator	63,726.00	17,152.80	46,573.20	26.9%
EXP	6110155	Public Works Director	79,222.00	21,324.80	57,897.20	26.9%
EXP	6110160	Marketing Manager	45,734.00	12,308.80	33,425.20	26.9%
EXP	6110165	Reserve for Leave Payouts	15,000.00	0.00	15,000.00	0.0%
EXP	6110180	Vehicle Allowance - Benefit	0.00	1,500.00	(1,500.00)	0.0%
EXP	6110205	FICA	45,861.00	12,477.96	33,383.04	27.2%
EXP	6110210	PERA	54,852.00	12,773.87	42,078.13	23.3%
EXP	6110215	Health Insurance	90,427.00	20,221.52	70,205.48	22.4%
EXP	6110220	Unemployment Insurance	6,844.00	509.32	6,334.68	7.4%
EXP	6110225	Workers' Compensation	8,692.00	5,321.00	3,371.00	61.2%
EXP	6110230	Other Fringe Benefits	10,047.00	2,700.42	7,346.58	26.9%
EXP	6110235	Miscellaneous Reserve	51,540.00	0.00	51,540.00	0.0%
EXP	6110290	Bank Service Charges	0.00	1.80	(1.80)	0.0%
EXP	6110295	Penalties/Interest	0.00	2,813.87	(2,813.87)	0.0%
EXP	6110315	Postage	2,000.00	276.03	1,723.97	13.8%
EXP	6110320	Telephone	15,000.00	1,776.98	13,223.02	11.8%
EXP	6110325	Cell Phone	4,560.00	1,035.46	3,524.54	22.7%
EXP	6110400	Contractual Services	151,100.00	20,821.59	130,278.41	13.8%
EXP	6110405	Audit	35,000.00	20,204.27	14,795.73	57.7%
EXP	6110410	Advertising	50,000.00	1,110.86	48,889.14	2.2%
EXP	6110415	Advertising-Other	5,000.00	213.92	4,786.08	4.3%
EXP	6110420	Contractual Services - Other	68,500.00	0.00	68,500.00	0.0%
EXP	6110425	IT Hardware/Software Support	6,000.00	0.00	6,000.00	0.0%
EXP	6110500	Dues and Subscriptions	6,100.00	650.00	5,450.00	10.7%
EXP	6110605	Equipment Rental	2,400.00	0.00	2,400.00	0.0%
EXP	6110610	Equipment Repair & Maintenance	2,500.00	0.00	2,500.00	0.0%
EXP	6110615	Computer Repair & Maintenance	6,000.00	1,445.97	4,554.03	24.1%
EXP	6110705	Property Insurance	8,294.00	8,294.00	0.00	100.0%
EXP	6110710	General and Employee Liability	4,263.00	4,263.00	0.00	100.0%
EXP	6110725	Vehicle Insurance	2,239.00	2,239.00	0.00	100.0%
EXP	6110750	Meals and Meeting Expenses	2,000.00	113.55	1,886.45	0.0%
EXP	6110805	Office Rent	19,200.00	7,200.00	12,000.00	37.5%
EXP	6110810	Utilities	5,000.00	753.41	4,246.59	15.1%
EXP	6110815	Janitor	3,426.00	1,460.52	1,965.48	0.0%
EXP	6110905	Drug and Alcohol Testing	300.00	0.00	300.00	0.0%
EXP	6111000	Printing	7,000.00	469.14	6,530.86	6.7%
EXP	6111105	Office Supplies	19,050.00	3,319.03	15,730.97	17.4%
EXP	6111110	Furniture & Equipment under 5K	15,000.00	0.00	15,000.00	0.0%
EXP	6111115	Janitorial Supplies	4,700.00	0.00	4,700.00	0.0%
EXP	6111200	Training	3,025.00	105.93	2,919.07	3.5%
EXP	6111305	Mileage	5,300.00	505.01	4,794.99	9.5%

EXP	6111315	Per Diem	9,000.00	563.52	8,436.48	6.3%
EXP	6111320	Registration Fees	2,000.00	0.00	2,000.00	0.0%
SUB-TOTAL ADMINISTRATION			**1,346,706.00**	**302,414.65**	**1,044,291.35**	**22.5%**

Account Type	Account Code	Account Title	Original Budget	Year to Date Actuals	Remaining Budget	Year to Date Budget Variance - 25%
OPERATING						
EXP	6110205	FICA	86,773.00	19,290.30	67,482.70	22.2%
EXP	6110210	PERA	103,789.00	21,472.93	82,316.07	20.7%
EXP	6110215	Health Insurance	182,700.00	47,507.55	135,192.45	26.0%
EXP	6110220	Unemployment Insurance	16,106.00	4,177.95	11,928.05	25.9%
EXP	6110225	Workers' Compensation	73,308.00	61,658.92	11,649.08	84.1%
EXP	6110230	Other Fringe Benefits	34,491.00	4,645.96	29,845.04	13.5%
EXP	6110705	Property Insurance	20,706.00	1,633.00	19,073.00	7.9%
EXP	6110710	General and Employee Liability	14,512.00	16,856.00	(2,344.00)	116.2%
EXP	6110715	Civil Rights	3,500.00	3,310.65	189.35	94.6%
EXP	6110725	Vehicle Insurance	74,425.00	50,017.83	24,407.17	67.2%
EXP	6111115	Janitorial Supplies	5,000.00	0.00	5,000.00	0.0%
EXP	6111305	Mileage	700.00	0.00	700.00	0.0%
EXP	6111315	Per Diem	1,300.00	192.42	1,107.58	14.8%
EXP	6200005	Operating Expense Transfer - Railrunner	1,774,344.00	347,724.50	1,426,619.50	19.6%
EXP	6200010	Operating Expense - Los Alamos County	1,415,186.00	0.00	1,415,186.00	0.0%
EXP	6200015	Operating Expense - City of Santa Fe	945,148.44	0.00	945,148.44	0.0%
EXP	6200015	Operating Expense - SF County Edgewood	22,481.56		22,481.56	0.0%
EXP	6220105	Supervisors	139,568.00	23,296.00	116,272.00	16.7%
EXP	6220110	Drivers	881,306.00	206,237.67	675,068.33	23.4%
EXP	6220115	Driver Overtime	62,400.00	13,895.35	48,504.65	22.3%
EXP	6220120	Dispatcher	33,618.00	9,053.64	24,564.36	26.9%
EXP	6220125	Janitor	7,500.00	0.00	7,500.00	0.0%
EXP	6220130	Maintainer	40,794.00	11,312.00	29,482.00	27.7%
EXP	6220165	Reserve for Leave Payouts	25,000.00	0.00	25,000.00	0.0%
EXP	6220235	Miscellaneous Reserve	20,460.00	0.00	20,460.00	0.0%
EXP	6220305	Cell Phone	5,200.00	50.00	5,150.00	1.0%
EXP	6220320	Telephone	8,000.00	280.10	7,719.90	3.5%
EXP	6220605	Building Maintenance	10,000.00	279.61	9,720.39	2.8%
EXP	6220610	Maintenance Machinery & Equipment	1,500.00	110.00	1,390.00	7.3%
EXP	6220615	Utilities	22,500.00	1,433.80	21,066.20	6.4%
EXP	6220620	Furniture & Equipment	4,000.00	0.00	4,000.00	0.0%
EXP	6220630	Insurance/Snow Removal (MA Agora)	6,000.00	3,200.00	2,800.00	53.3%
EXP	6220705	Uniforms	10,000.00	0.00	10,000.00	0.0%
EXP	6220805	Shop Supplies	9,000.00	1,560.54	7,439.46	17.3%
EXP	6220810	Physicals	500.00	65.06	434.94	13.0%
EXP	6220900	Training	2,500.00	0.00	2,500.00	0.0%
EXP	6221105	Fuel	382,001.00	60,418.69	321,582.31	15.8%
EXP	6221110	Cell Tower Rental Fees	5,400.00	0.00	5,400.00	0.0%
EXP	6221115	Oil and Lubricants	17,000.00	1,057.85	15,942.15	6.2%
EXP	6221117	Hazardous Waste Disposal	4,000.00	0.00	4,000.00	0.0%
EXP	6221120	Replacement Parts	43,000.00	7,840.80	35,159.20	18.2%
EXP	6221125	Tires	28,000.00	3,278.52	24,721.48	11.7%
EXP	6221130	Vehicle Maintenance - Repair	92,000.00	8,379.84	83,620.16	9.1%
EXP	6221135	Painting	5,000.00	3,899.68	1,100.32	78.0%
SUB-TOTAL OPERATING			**6,640,717.00**	**934,137.16**	**5,706,579.84**	**14.1%**

Account Type	Account Code	Account Title	Original Budget	Year to Date Actuals	Remaining Budget	Year to Date Budget Variance - 25%
CAPITAL						
EXP	6330105	Buildings	976,990.00	400,431.45	576,558.55	41.0%
EXP	6330115	Furniture & Fixtures	89,109.00	0.00	89,109.00	0.0%
EXP	6330125	Other Capital Expenses	449,679.00	0.00	449,679.00	0.0%
EXP	6330135	Passenger Bus	870,062.00	206,184.00	663,878.00	23.7%
EXP	6330155	Bus Shelters	76,421.00	2,915.94	73,505.06	3.8%
SUB-TOTAL CAPITAL			**2,462,261.00**	**609,531.39**	**1,852,729.61**	**24.8%**

TOTAL EXPENDITURES	**10,449,684.00**	**1,846,083.20**	**8,603,600.80**	**17.7%**

NORTH CENTRAL REGIONAL TRANSIT DISTRICT
(NCRTD)
FINANCE REGIONAL COORDINATION AND CONSOLIDATION SUBCOMMITTEE
AGENDA
Friday, August 26, 2011
9:00 a.m. - 11:00 a.m.

NCRTD Conference Room
3600 Rodeo Lane, Suite B 6
Santa Fe, NM 87507

CALL TO ORDER:
Roll Call

ACTION ITEMS FOR APPROVAL/DISCUSSION:

A. **Tribal Funds Policy:** *Sponsors:* Anthony Mortillaro, NCRTD Interim Executive Director and Jack Valencia, NCRTD Transit Project Manager. *Attachment*

B. **Service Policy for Non-Profit Organizations:** *Sponsors:* Anthony Mortillaro, NCRTD Interim Executive Director and Ivan Guillen, NCRTD Regional Operations Manager. *Attachment*

C. **Discussion of Long Range Financial Plan Task Force and Funding Allocation:** *Sponsor:* Anthony Mortillaro, NCRTD Interim Executive Director.

MATTERS FROM THE SUBCOMMITTEE

NEXT FINANCE REGIONAL COORDINATION AND CONSOLIDATION MEETING:
September 19, 2011

ADJOURN

Persons with disabilities in need of accommodations, please contact the NCRTD's office at 505-438-3257 five (5) working days prior to the meeting date.

North Central Regional Transit District (NCRTD)

Minutes from the Finance-Regional Consolidation and Consolidation Sub-Committee Meeting
August 26, 2011
9:00 AM- 10:00 pm
NCRTD Conference Room
Santa Fe, NM 87507

Members Present:
Jacob Caldwell (by telephone), Taos County. Finance Subcommittee Chair
Councilor Robert Seeds, City of Espanola
Jon Bulthuis, City of Santa Fe
Anne Laurent, Los Alamos County
Penny Ellis-Green (by telephone), Santa Fe County

Staff Present:
Anthony Mortillaro, Interim Executive Director
Jack Valencia, Transit Project Manager
Ivan Guillen, Regional Operations Manager
Kelly Muniz, Financial Manager
Cynthia Halfar, Executive Assistant/HR Specialist, minutes taker

Item A: Tribal Fund Policy
Mr. Mortillaro gave an overview of the Tribal Funds Policy and its background in the Tribal Subcommittee.

Mr. Valencia explained that prior to this submission there was no clear policy regarding the relationship between our Tribal members and the NCRTD as it related to application, award, receipt, and reimbursement of funds for direct transit services provided by the RTD. The NCRTD had made applications for Tribal Transit Funding through the FTA 5311(c) for some NCRTD members in the past year. Other members have chosen to apply individually. The proposed policy delineates the relationship and responsibility of the parties.

Mr. Seeds asked if idle time would be charged to the non-profits. His concern was that the RTD may be charging too much.

Mr. Caldwell, Ms. Ellis-Green, and Mr. Bulthuis all agreed that the full Board could look this over and give their ideas. They moved to bring this to the Board for their consideration.

Item C: Discussion of Long Range Financial Plan Task Force and Funding Allocation

Mr. Mortillaro explained that in May of 2011, the Board approved a percentage based formula for allocation of GRT reverting back to the entities. That formula would only be applied for FY12. Prior to FY13 a Task Force would be established for the purpose of determining both a long term plan for the District, and to address future allocation of funds. How to add future members was also a concern.

Mr. Mortillaro asked for preferences or direction from the subcommittee for how to structure the Task Force and to decide if it would be a part of the subcommittee meetings or if it would meet separately.

Ms. Ellis-Green suggested that the members' Finance Directors could attend. Mr. Bulthuis agreed, adding that this was *the* issue facing the District. Inclusiveness and funding issues were critical.

Mr. Caldwell asked if there had been any participation in the past from the Finance departments of the entities.

Mr. Mortillaro answered no, but how the Task Force addresses the Long Term Financial Plan has implications on the service plans and budgets of the entities.

It was recommended that Mr. Mortillaro send out an e-mail to all entities and their financial departments requesting initial recruitment and to establish a level of commitment.

Mr. Mortillaro concluded that the scheduled dates for the Task Force were September 16th, October 21st, and November 18th.

The meeting adjourned at approximately 11:00 am.

EXECUTIVE REPORT
For August-October 2011

EXECUTIVE

- Attended Tribal Transit Workshop on September 7th and 8th. Synopsis of training written.
- Attendance, presenting, and preparation for various NCRTD staff and subcommittee meetings, including Board, Finance and Tribal Subcommittee meetings, including preparation of preliminary meetings, research, analysis and the creation of documents
- Attended and presented at the September RPA meeting
- Attended MPO and TCC meetings
- Attended NMPTA planning retreat
- Executive Director met with the Governor and staff of Santa Clara
- Executive Director met with new NCRTD Board members for orientation
- Prepared various tribal contracts, contract amendments, and other written correspondence
- Met with Building Project Manager regarding progress of Jim West Transit Center
- Reviewed and authorized payments for contractor and vendors for the Jim West Transit Center
- Moving company estimates in process
- Provided management and direction to Finance, Operations, Human Resources, and Marketing/Public information staff
- Review and revision of various NCRTD policies, including personnel, financial, marketing, and operational policies
- Creation of an travel policy, cell phone policy, attorney request policy, and a background and reference check policy
- Maintained continuous communication with Chairwoman and Board members

FINANCE

- FY 10 audit was submitted to the Office of the State Auditor on September 26th
- FY 11 audit contract was submitted to the Office of the State Auditor on September 26th.

OPERATIONS

- Revised Special Services (Charter) Policy with regards to special rates for non-profit organizations.
- Competed site visit of operation facility from Ream Lazaro, consultant for transit safety and security
- Attended NTI and DOT radio training workshop in Santa Fe
- Completed July and August Ridership Reports. Sent to the NCRTD Board and members and guests of the RPA
- Completed Drug and Alcohol course for supervisors
- Completed Drug and Alcohol audit by Precision Compliance
- Revisions made to the Drug and Alcohol Policy for compliance with DOT
- Route analysis for Los Alamos County and City of Santa Fe and review of ridership figures
- Updated driver training records and certificates
- Reviewed and updated of routes and schedules on web site
- Conducted preliminary work for grant applications, including research to determine if the NCRTD qualifies for various opportunities.
- Completed CCR registration for government grant application submissions
- Successfully submitted tribal transit grant applications for Santa Clara, Tesuque, and Pojoaque pueblos with Operations
- Completed ICIP submission to DFA
- Tagged bus shelters for capital asset listing
- Worked with Finance in developing balance of capital amenities for bus stops. Working on a plan for more signage and schedule holders
- Review of schedules for the RailRunner for effective coordination with NCRTD
- Development of Edgewood route, including the hiring, training, and pre-employment testing of riders/drivers. Analysis completed on operational costs and schedule.
- Worked on capital inventory for 5311 application with Finance
- Worked on 5311 and 5316 applications

MARKETING/ PUBLIC INFORMATION OFFICE

- Press releases created and distributed regarding the Executive Director Search and the implementation of the Edgewood Route
- Advertisement for Edgewood Route, including search for riders/drivers
- Marketing for Edgewood, creation and distribution of flyers
- Recorded advertisements for Hutton radio
- Creation and distribution of flyers for Taos area, including UNM-Klauer campus
- Attended the national Southwest Transit Association's marketing conference in Albuquerque
- Attended PIO luncheon at NM Broadcaster's Association
- Update and restoration to NCRTD website with tech support to repair technical difficulties to ensure accuracy, completeness, and ease of use for the public
- Updates to the NCRTD Public and Information Request Log to chart public and press requests and responses
- Met with various media representatives including Taos News
- Conducted work on Social Media Policy as well as Marketing Policy
- Conducted work on the NCRTD Annual Report
- Completed records retention policy for Board consideration at October Board meeting
- Attended the Espanola job fair and visited with prospective transit operators
- Collaboration with Operations on Special Services (Charter) Policy
- Research and initiation of Google Analytics (a means of tracking guest's browsing on the official NCRTD website)
- Research begun on a method for customers to electronically plan and chart their transportation needs via various routes and connections
- Photographical archiving continued with pictures taken of riders on Espanola route, the progress on the Jim West Transit Center, and other photos of blue buses in order to provide the Rail Runner and the MRCog photos of transit connections
- Responded to various inquiries and requests
- Research begun on customer service standards and rider satisfaction surveys.